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FINANCIAL TIMES

No. 27,428 Tuesday December 6 1977 **12p

MAN IN WOOL Drummonds Suits ask your tailor!

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NEWS SUMMARY

GENERAL BUSINESS

Skyjack crash kills 5 Britons Dollar weak; new high for tin

As an official inquiry started into Sunday night's crash of a hijacked Malaysian airliner in which all 100 people on board were killed, reports that the Japanese Red Army had been involved were discounted.

rawler sinks men died when the \$500,000 O-tan trawler Boston Sea Inter sank as she was hit by a rak wave five miles off Land's End. There were five survivors, including the skipper from the ar-old vessel.

Labour review Labour Party is to carry out searching review of its organisation and finances. The decision seen as a considerable victory for the Left by trade union and clerical MPs. Back Page

Assurances on ships order POLAND would not consider cancelling its £12m. shipping order because of British Shipbuilders' difficulties in placing the orders, embassy officials have said. The Govt. also says that the order is to be cancelled.

Successful £20m. NEB bid for Fairey angers Trafalgar chief THE NATIONAL Enterprise Board has moved decisively to take over the greater part of the engineering interests of Fairey, engineering interests of Fairey, engineering interests of Fairey...

IEF PRICE CHANGES YESTERDAY Table with columns for RISES and FALLS, listing various stocks and their price changes.

MPs back public inquiry into losses by Crown Agents

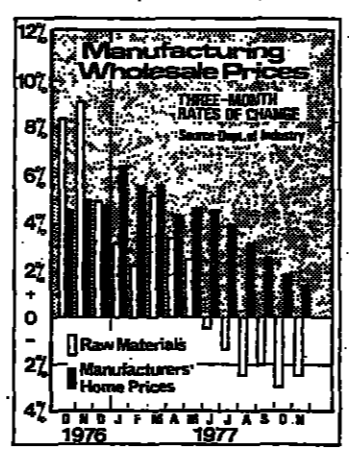
BY PHILIP RAWSTORNE

The Commons last night reasserted its ultimate authority over the Government and voted decisively for a public inquiry into possible neglect or breaches of duty that led to the Crown Agents' losses of £212m. in property speculation and secondary banking.

Industry's raw material costs continue to fall

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

PROSPECTS for a further significant reduction in retail price inflation were strengthened yesterday by Government figures showing that industry's raw materials costs in November were lower than a year ago after a fall for the seventh month running.



WHOLESALE PRICES (1976=100) Table with columns for Output (home sales) and Raw Materials, listing prices for various months from 1976 to 1977.

Vance to tour Middle East

BY ANTHONY McDERMOTT

MR. CYRUS VANCE, the U.S. Secretary of State, is to begin a week-long tour of the Middle East on Friday in an attempt to keep the momentum towards peace negotiations going in the wake of the Libya meeting of Arab States and Palestinians...

Notable gaps in Japan's trade plans

BY CHARLES SMITH, FAR EAST EDITOR TOKYO, Dec. 5.

AN EIGHT-point package for liberalising imports to Japan and correcting the country's current account surplus is expected to be agreed to-morrow by the Japanese Cabinet's economic council.

Priority

It is believed that one of Mr. Vance's priorities will be to get a clearer view of Mr. Sadat's intentions. At the same time, however, he will undoubtedly try to assure his Arab hosts that, as the State Department said yesterday, the U.S. was still "dedicated to a comprehensive settlement of the Middle East conflict."

FEATURES Table listing various news items and their page numbers, such as Coal chaos, U.S. energy policy, Society today, etc.

ON OTHER PAGES Table listing page numbers for various sections like Appointments, Management Page, etc.

Which companies choose Private Patients Plan? Advertisement for Private Patients Plan, listing various companies and insurance details.

2 LOMBARD A monetarist conundrum

BY ANTHONY HARRIS

"I think we're getting near to defining how monetary policy ought to be run..."

Not allowed

At first sight this finding seems to explain growth rather than rule it out..."

The logic is entirely clear if you examine either of the simple versions of monetarism..."

Growth by fat

He might imitate the stern monetarists who run the Communist countries..."

FILM AND VIDEO BY JOHN CHITTOCK Projecting the right image overseas

ONE OF the topics that will be preoccupying Parliament in the coming months is the bulky review by the Central Policy Review Staff on Britain's methods of overseas representation..."

Regular television programmes about British ideas and products are also made and distributed world-wide..."

Nonetheless, some material is hard to place on television, especially in Western Europe..."

stand at this year's international TV market place, the MIP-TV exhibition held in Cannes..."

Against this background, a reading of the report by the Central Policy Review Staff produces some odd contradictions..."

On the one hand the CPRS seems to believe that Government use of the media is succeeding in creating a favourable economic/commercial impression overseas..."

Britain has a unique advantage in this area of commercial diplomacy, our documentary and television production is the best in the world..."

As if to underline its recognition of the problem, the COI has recently taken to selling some of its material to overseas television stations...

Jonjo O'Neil on course for top jockey title

Trick to a couple of lengths at Cheltenham a short while later...

At today's other meeting, Newton Abbot, where the card has been extended to eight races...

RACING BY DOMINIC WIGAN

Mr. David Robinson's former trainer, John Powney, usually does well with the runners he sends on forays north...

Pack-ice, then calms, frustrate Ridgway's Antarctic gamble

AS TAIL-ENDERS among the 15 yachts competing in the Whitbread Round the World Yacht Race arrive in Auckland...

YACHTING BY ALEC BEILBY

The sea was frozen it was relatively calm which pleased him and his wife, Marie-Christine...

TV Radio BBC 1 12.45 p.m. News, 1.00 Pebble Mill, 1.45 How Do You Do!, 2.10 Rugby Union...

F.T. CROSSWORD PUZZLE No. 3,577

Crossword puzzle grid with letters and numbers.

ACROSS 1 Falsifies credits? Nonsense! (12) 10 Spherical tennis shot into crowd? (7) 11 No'ur die inside, being more impoverished? (7)...

Scotland - 5.55-6.17 Reporting Scotland, 6.40 Tom and Jerry, 6.45-7.10 The Other One...

BBC 2 11.00 a.m. Play School (as BBC 1 3.55 p.m.), 2.30 p.m. Trade Union Studies...

LONDON 9.30 a.m. Cartoon Time, 9.35 Documentary, "The Maharajahs", 10.15 The Man Who Was...

RADIO 1 247m (S) Stereophonic broadcast, 6.00 a.m. News, 6.30 News, 7.00 News, 7.30 News...

The Sooty Show, 4.55 Magpie, 5.15 SportsScene, 5.45 News, 6.00 Thames at 6, 6.25 Crossroads...

ATV 11.15 a.m. News, 11.30 News, 12.00 News, 1.00 News, 1.30 News...

GRAMPIAN 9.30 a.m. First Time, 9.35 Feature Film, 11.05 News, 11.30 News...

RADIO 4 444m, 300m, 285m and VHF 6.15 a.m. News, 6.17 Farming Today, 6.30 Up to the Hour...

BBC Radio London 206m and 94.9 VHF 6.00 a.m. News, 6.30 News, 7.00 News...

Four auctions top £100,000

SOTHEBY'S WAS busy yesterday with three London sales—antiques, books and documents, which totalled £133,069...

SALEROOM BY ANTHONY THORNCROFT

In the drawings Agnew's sold £12,000 for a Standing Nude Boy by Filippino Lippi...

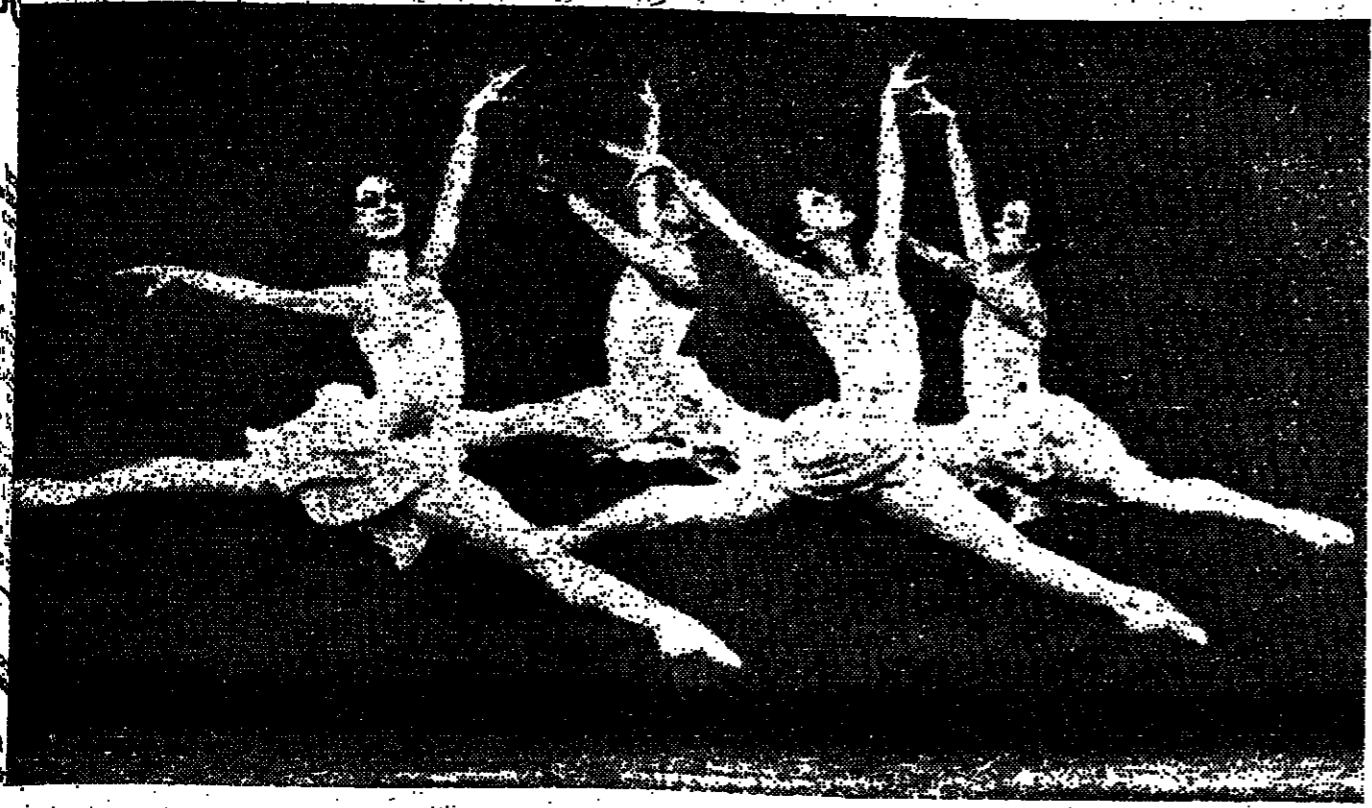
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Spilunka



The New York City Ballet

Albany Critchman

Balanchine and Verdi

by ANDREW PORTER

The New York City Ballet season opened with a gala benefit evening at which two "works in progress" billed as previews were shown. Balanchine's *Ballo della Regina* is a setting of the *Ballet de la Reine*, *La Perle*, the submarine dance diversion in *Don Carlos* (some of which was heard at a Kenneth MacMillan's *The Four Seasons*). Verdi's *Ballet de la Reine* is a plot of sorts, about the formation of *La Perle*, the pearls which have at various times decked Mary Stuart, Elizabeth of Valois, and Elizabeth Taylor—the pearl that Sir Simon described, the pearl whose loss once caused a frantic hunt down the sides of sofas at Windsor when Lady Abercorn and it was missing. (The urgency of Abercorn had light it from Louis Napoleon, his hard-up days in London; had been left it by La Reine, whose husband had acquired it from Joseph Bonaparte, who had bought it from Spain when he was deposed in 1813.)

The *Ballet de la Reine* was billed to show off all the glories of the Opera in 1867: itonia Ribet as the Black Pearl, Annette Merante as the White Pearl, dancing the and a solo violinist, Louis Merante, and Louise August as the Queen of the Stars. At the end, Elizabeth herself was supposed to emerge in a triumphal car as *La Perle*; her place is taken by a "press" in the queen's raiment. Lucien Petipa was a choreographer, and his *Ballo della Regina* is grand, gracefully animated, almost a can-can, in the striptease scene where the pearls divest them-

selves of all their glory (a big moment for the Jockey Club) so as to combine every possible beauty in *La Perle*. It clearly left its mark on Tchaikovsky. *Don Carlos* was performed in St. Petersburg six years before *Swan Lake*. It receives a wisp, unattractive costume by Ben Beeson; maybe it will have acquired a setting by the time of its official premiere. There is no indication that Balanchine has read the written scenario but in places Verdi's music is enough to make it plain, and then, of course, this most musical of choreographers discovers it from the score. In Petipa's ballet, the dancers were unfurled at the first, sounding a major, but a hymn; in Balanchine's, the moment is ceremonially treated. And generally the textures and densities of the dance match those of the original plot. These things are slightly disturbing. Verdi's pantomime episodes are used as the accompaniment to fully formed dance; the arrival of the Queen of the Waters and her haughty and arrogant of the fisherman who has dared to flirt with her pearls is made into a boy's variation. And some of the music is taken at a speed that makes it seem unnecessarily trivial. If the admirable Robert Irving (who conducts an orchestra with perhaps the most adventurous repertoire of any in the world) has any fault, it is that of occasionally pushing fast music to the fastest possible pace at which the choreography can be got through. This does not increase excitement; greater excitement comes from the interval, in spite of the breathtaking display before us, there is still something in hand. When the *Ballo della Regina* joins the repertoire, I hope it will be handled more broadly, grandly, even a little more weightily. That way, the choreography will sing and sparkle more fully.

Opéra de Nantes

Roméo et Juliette

by RONALD CRICHTON

In France, as in Britain, opera is becoming increasingly deepened. Angers, Strasbourg, Marseilles, are some of the regional centres which have attracted much more than local attention. Nantes, a city the main tourist routes (though worth visiting) has a superb 18th-century theatre, carefully restored, housing a lyric company grandly named "Opéra du Pays de la Loire". Last season the theatre mounted a notable *Carmina* with the Howells and Alsin Vanzo. A present season's *Roméo et Juliette* is not quite on the same level—for that matter, Gounod's opera is no match for Bizet's masterpiece.

Not so very long ago *Roméo et Juliette* was still popular enough to earn a chapter in the Newmann's *Opera Nights*. It has sunk deeper into oblivion than *Faust*—wrongly so, it is a more consistent, better structured score, even if the lack of glamour which still clings to *Faust* are lacking. In addition, it has a toughness against modest standards of performance; otherwise, it never have survived for long. *Roméo* on the other hand needs (not only for the roles, which carry so much of the social burden) singing of a classical cast not readily found to-day.

At Nantes the two roles were taken by singers easy enough to accept as the young lovers. Michel Claverie's tiny, slender, demure Juliette was sung in the French coloratura style (the tone gravitating towards the nasal passages) that is not greatly to the Anglo-Saxon taste. Miss Claverie was efficient but disengaged; after the interval she warmed a little, but the sound remained brittle. The *Roméo* of Luis Lima had no lack of warmth. The voice was like hot chocolate—musical, ardent, youthful, but too feisty, too obviously physical, for this suave written music.

The baritone roles of Mercutio and Tybalt, short but rewarding, were expertly handled by Peter Gortlieb (a Glyndebourne artist) and Michel Lecoq, who was also responsible for the unusually convincing duets. The part of Juliette, a breeches role invented by Gounod and his librettists and favoured with one of the best numbers in the opera, was sparkily done by Pierrette Delange, surely a potential Juliette. The basses were adequate but dull—both Capulet and Friar Laurence need singing of the finest quality to make their bland music interesting.

Rene Terrasson's production handsomely filled an ample basic set, the auditorium at Nantes may be small but the stage is roomy. The Franco-Prussian war, Offenbach opened the Bouffes Parisiens theatre and set his extraordinary career in motion, is a very different matter.

Les Deux Aveugles is hardly more than a sketch, but a sketch with a gleam of genius. Two phoney blind beggars meet—expectedly on the same pitch—a bridge over the Seine. One plays the trombone, the other a guitar. They compare notes, boast, quarrel, temporarily join forces. Their songs and duets are by turn melancholy and bizarre. Some of the musical gags used much later by Sullivan are already there—trombone jokes and two apparently irreconcilable players clamped together. There are also deeper undertones suggesting Brecht and Weill's *Threepenny Opera*. The roles were played with grisly virtuosity by Michel Hamel (also the producer) as Patagon, the Prussian war, Offenbach's old collaborator Halévy was persuaded to help with the text—a brief re-working of the *Don Pasquale* situation. The music flows smoothly and soothingly; the musical invention was still topgus, but the Republic was a poor target compared with the vanished Empire.

As Rabastien the Pasquale figure, Luis Masson chuckled with anticipation, which soon changed to enforced benevolence. Andre Mallabrera, a polished chorale in *Les Huguenots*. Alas, light tenor, and Martine Surais, go off—more rehearsal time had no doubt been given to the edge on her voice, were the young lovers. The tenor's solo, skirting sentimentality with the aplomb of a first-rate theatre composer, announces the world Wallace conducted.

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S.W.E.T. awards

The Society of West End Theatre awards were revealed in a new format from their sealed envelopes and played Alison Fiske in *Dusa*, Fish, presented by a constellation of *Stag and Vi*.

Glyndebourne's *Don Giovanni* Royal on Sunday night. They at the Lyttelton won the opera award; the London Festival were as follows:

Designer of the year: John Napier for *King Lear*. Director of the year: Clifford Williams for *Wild Oats*. Comedy performance of the year: Denis Quilley for *Private Lives*. Parade. Actor in a revival: Ian McKellen for *Pillars of the Fire* that *Consumes*. Vivian Community. Actress in a revival: Judi Dench for her *Lady Macbeth*. Supporting actor: Nigel Hawthorne in *Private Lives* on *Parade*. Supporting actress: Mona Washbourne in *Stevie*. Performance of the year: Anna Sharkey in *Maggie*. Actor in a new play: theatre.

National Portrait Gallery

Sir Thomas More

by WILLIAM PACKER

Sir Thomas More had been sainted in the popular imagination long before the Pope elevated him at last, only 40 years ago, to the most exalted company of heaven: for good deeds do shine out in a naughty world, and the good and the brave make natural heroes. Our public life no longer requires of our public men that they pay their consciences, at the last resort, with their lives.

More was no mere victim, however, by some unhappy chance caught up in the machine and destroyed, but rather an active and central figure in our political



Anne Cresacre by Hans Holbein the Younger

translation of the Vulgate, yet wary of vernacular versions and cautious of heresy, a true and conscientious Catholic. It was natural for him to look to More for support in his "great matter," the divorce from Catherine of Aragon, which, if given, would carry so much weight. Like his namesake some four centuries earlier, the King was to be frustrated, though his Thomas was active in opposition only in that he refused to acquiesce in his schemes.

So, for refusing to accept on principle what was to be the peculiar English compromise, instituted to serve temporary political and dynastic ends, a reformed, independent yet still Catholic Church, Thomas More died "The King's good servant, but God's first." The five-hundredth anniversary of his birth is now being celebrated at the National Portrait Gallery (until March 12) by an exhibition devoted to his life and times, a large and fascinating collection of books and manuscripts, plate and jewellery, heirlooms and works of art.

It takes us in turn through the stages in More's career, and examines the several aspects of his work, as politician, scholar, controversialist and saint. The material is often dense, almost impenetrably so at times, and the dark warren of the Gallery's display is crammed with stuff; and yet, though only the scholar may absorb it, we can all respond to its peculiar poignancy. The ancient documents, signed and sealed, the autograph letters, mere scraps of paper, exercise a curious hold on the imagination, for all that we must take their contents on trust.

And there are certain items of memorabilia, his hair shirt, for example, that he gave to his favourite daughter, Margaret Roper, on the eve of his death; a cup; a crucifix; a silver reli-

quary; and there are a few of his books. More died officially in 1535, but his property was thus forfeit. His library was dispersed and only a handful of items survive to us. Of the six known, five are brought together again by the show.

Many fine paintings are included, notably Cranach's portrait of Martin Luther; and the twin paintings by Massys of Erasmus and Peter Gillis. The Gallery's own set of early Tudor portraits starts the show, along with the splendid bust of Henry VIII by Torrigiano. But More, really means Holbein: the great view in Windsor Castle, and just as usually missed by the householder is lost, the work surviving only by inference in Drawings are seldom packed out, the studies taken from life, Holbein's own sketch of the com-

ICA Theatre

Franz into April

by MICHAEL COVENEY

The setting for Pam Gems's *Franz* takes his money is typified by a bird-brained sex-pot (Lucie) who plays a luscious new Professor Franz Müller, a chunky free-liver is encouraging a patient marriage problems. She has to pour out his soul. The audience are the other patients, but Miss Gems's loose structural gambit soon gives way to a central confrontation between Franz and a prim English nurse, April, who disapproves of his methods but is on hand to dispute them because she is tending an alcoholic film star. She is a physiotherapist, and when Franz persuades her to massage his back, he urges to go further with the line. "We're doctors and nurses; let's play them for the little bit."

The piece is dedicated to the memory of Fritz Peris, champion of Gestalt Therapy and a notorious womaniser. The part is tailor-made for Warren Mitchell, who falls upon it with quarrel, temporarily join forces. Freud, believes that traditional psychology is only good for slotting people back into the imperial structure of things. While April, a scrawny victim of childhood humiliation at the hands of a domineering, attractive mother, has devoted her life to the care of others to the extent of submerging, in Franz's view, her individuality and, more importantly, her sexuality.

The kind of people from whom

Arts Re-surgent

The chairman of the Arts National's financial problems, Council, Mr. Kenneth Robinson. Other crisis areas received better and the Secretary-General, Mr. Roy Shaw, had an easy ride is wracked by internal disputes, when they presented "Value for Money," the annual report of the Arts Council for 1976-77 at a Press conference yesterday. The general view of the future was optimistic.

Kenneth Robinson expects to know the Government's financial support for 1978-79 within the next few weeks (much earlier than last year when the Council's 1,200 clients were kept on tenterhooks until after the end of the financial year), and the hope is for more aid than the £31m. grant for 1977-78. Mr. Robinson was also confident about getting the Treasury to accept rolling grants, so that companies would be better able to plan ahead.

However, although admitting that the National Theatre's running costs were much higher than anticipated, there was a strong hint that the Arts Council expected more economies from Sir Peter Hall, rather than much more subsidy, to solve the

Whitbread Awards

This year's Whitbread Literary Awards were presented at a luncheon in London yesterday by Mr. Alex Bennett, the chairman of the company. The winners each received a cheque for £1,500 and a silver box or tankard. The judges were Frank Murray Curzon (Weidenfeld & Nicolson), Beryl Bainbridge for

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EUROPEAN NEWS

EEC bid to agree fisheries policy

THE COMMON MARKET council of fisheries ministers ended the first of two days of meetings here tonight with little sign of progress towards agreement on revising the common fisheries policy to take account of 200-mile limits. Earlier, after a short closed meeting, ministers agreed to divide into three working groups to deal with the three problem areas. The North Sea was put in the hands of Britain, Denmark and West Germany, the problems of Irish waters were allocated to Ireland, France and the Netherlands, and the problems of the Mediterranean and West African waters. The Belgian presidency and the Brussels Commission were represented in all groups which are expected to report back to a full council meeting to-morrow morning. It is too early to say whether this business like approach towards reconciling British and Irish demands for an exclusive national fishing zone up to 50 miles offshore and the rest of the Community's determination to have an internal fisheries regime based largely on catch quotas, will succeed. There are already suggestions that a meeting, due to end to-morrow evening, may in fact continue well into Wednesday. The possibility of the fisheries issue being raised at the summit meeting of a number of heads of state to-morrow morning is not being ruled out. Unconfirmed reports suggest that both British Prime Minister James Callaghan, and West German Chancellor Helmut Schmidt are both thinking of raising the matter. Mr. John Silkin, U.K. Minister of Agriculture and Fisheries will visit Norway for fisheries discussions, his official spokesman told Reuters in Brussels to-day. Mr. Silkin later told journalists he would probably go "around Easter". He said Norway "is one of the best examples of how a good coastal state does conservation". He could learn something from the Norwegians might think they could learn something from Britain.

Soares warned on Communists

WITH LESS than 24 hours left before Prime Minister Mario Soares makes his call for a vote of confidence in his minority socialist government, Portugal's Right-wing Press is already predicting the dangers of a Communist vote of support for Sr. Soares. It is more than likely the Social Democrats - Portugal's second largest party and the Prime Minister's most aggressive rivals - will vote "no". Furthermore, in a radio interview at noon to-day, Sr. Diogo Freitas do Amaral, leader of the third largest party the Christian Democrats, said: "My personal prediction is that we will vote against the Government". Sr. do Amaral stressed that, if Sr. Soares stayed in power thanks to Communist votes his Party's opposition thereafter would be "frontal".

MAKITA ELECTRIC WORKS LTD. (CDRs) The undersigned announces that the Semi-Annual Report ended August 30, 1977 of Makita Electric Works, Ltd. will be available in Amsterdam at Pricent, Heiding & Pierson N.V. and further at: Algemeene Bank Nederland N.V., Amsterdam-Rotterdam Bank N.V., Bank Mees & Hope N.V., Kas-Associatie N.V., AMSTERDAM DEPOSITARY COMPANY N.V., Amsterdam, November 30, 1977.

European concern grows on arms limitation talks

BY REGINALD DALE, EUROPEAN EDITOR

EUROPEAN anxiety over the future course of Strategic Arms Limitation Talks (SALT) between Moscow and Washington surfaced here to-day on the eve of the annual NATO ministerial meeting in Brussels. The traditional pre-conference session of the 11-nation European group confirmed mounting European concern that bilateral agreements between the two super powers could inhibit the freedom of West European governments to organise their own defences. The main specific issue worrying the Europeans, particularly Britain and West Germany, is that the U.S. may undertake commitments in SALT that would restrict their acquisition of the Cruise missile, the new missile weapon that is given high chances of penetrating Soviet air defences. The U.S. has repeatedly reassured its European allies that it will not undertake to withdraw the Cruise missile from them, and has as yet made no such commitment in the SALT. However, Russian demands that the missile should not fall into European hands are one of the two main outstanding obstacles

holding up a new SALT agreement, which is not expected to be concluded before the spring. The other is U.S. insistence that the Soviet Union hold back on technological improvements in its land-based intercontinental ballistic missile system. The U.S. has now accepted that the range of sea and land launched Cruise missiles should be limited to 600 kilometres in the temporary three-year protocol that will form part of the planned SALT 2 agreement, and that air-launched Cruises should be restricted to 2,500 kilometres. In return, Moscow has agreed to limit deployment of its Backfire bomber to bases from which they could not reach the U.S. and to restrict production of the aircraft to a rate of 24 per month. But the two other problems of Cruise missile technology - transfers and verification - remain open. Nor has Washington found an answer to Soviet concern that European countries like Britain, France, and Germany might develop their own Cruise missile technology. A number of European governments are also worried

W. German slowdown less dramatic than believed

BY ADRIAN DICKS

THE SLOWDOWN in the West German economy this autumn, which has led to drastically reduced estimates of national income growth next year and to calls for still more reflationary stimulus, now appears to have been somewhat less dramatic than had been believed. The federal statistical office to-day published revised industrial production and new industrial orders figures for September which show a continuing modest rate of increase, rather than the stagnation indicated by the provisional data. New orders, originally thought to have shown no change between August and September, actually showed a 2.5 per cent. increase thanks to stronger demand from the home market - though the single month figure for new export orders was unchanged from the provisional figures, with a 9.5 per cent. drop. Revised industrial production figures showed a 1 per cent.

U.K. third in work hours table

By Guy Hawtin

WEST GERMAN workers, for so long held up as models to the European working man, in fact put in fewer hours a year than in almost any other industrial country. Indeed, on the basis of an eight-hour day, they do a fortnight less work than their much-maligned British counterparts. The news comes in Aktiv, which calls itself "the economic newspaper that everybody understands". Its latest edition contains a survey that shows Britain as the third most hard-working country in terms of hours worked. Predictably enough, the Japanese lead the world in terms of hours worked. According to Aktiv the Japanese worker averaged 2,090 working hours a year in 1976. The reason, the newspaper said, was that the bulk of the workforce put in a 48-hour week, had fewer holidays than their counterparts in other countries and enjoyed hardly any public holidays. The Swiss, who do not have as long a working week as the Japanese, are the second most hard-working nation, according to the survey. The Swiss worker put in an average of 1,970 hours in 1976. British workers were not far behind, with an average of 1,960 hours worked - only one working day with a couple of hours of over-time behind the Swiss. They put in, however, eight and three-quarter hours more than their nearest rivals, the Dutch, who came fourth in the table with 1,890 hours worked. France came fifth in the table, with an average of 1,880 hours per worker a year, while Belgium, Austria and, surprisingly, the U.S., each averaged 1,866 hours annually per head. Sweden came ninth in the billing with 1,860 hours a year. For most people the shock was that the West Germans and the leisure-loving Danes, tied for tenth place, in each country the average worker put in 1,855 hours a year - only 46.4 working weeks a year calculated on the basis of an eight-hour day. This was six weeks less than the Japanese, their toughest competitors in world markets, Aktiv pointed out. Only one nation did worse than Denmark and the Federal Republic in the survey - Italy. The average Italian worker put in 1,810 hours in 1976 - 45.2 working weeks a year and well below Britain's 49 weeks a year average.

Credit squeeze in Hungary

BY PAUL LENDVAI

THE HUNGARIAN Government has decided to raise a credit squeeze, to impose producers' prices in important sectors and to cut subsidies for uneconomic exports. The measures, which come into force on January 1, are aimed at restoring economic equilibrium and, in particular, to keep investments within planned limits. The basic purpose is the weeding out of uneconomic and inefficient producers through further steps towards a more realistic price structure. From January, the producer prices for electrical energy will be raised by 15 per cent, metallurgical products by 21 to 23 per cent, for cables by 15 per cent. Fees for water, repair and services will go up by between 7 and 18 per cent. Except for special cases, the higher prices must either be absorbed by the enterprises or passed on in the form of higher prices. Subsidies for uneconomic ex-

Ceausescu and Tito end talks

BY OUR OWN CORRESPONDENT

PRESIDENTS Tito of Yugoslavia and Ceausescu of Romania spoke out against great power intervention in the internal affairs of African countries and their meddling in current conflicts, and also condemned attempts to divide the non-aligned countries, in a joint communique following their two days of talks last night. They met to inaugurate the second stage of the giant Iron Gates hydro-electric complex on the Danube. The plant, with an installed capacity of 432 MW, should generate 2,500m. kWh of electrical energy by 1984. The first stage, with an annual output of 10,500m. kWh, was completed in 1972. The new project is expected to cost some \$400m.

Economic crisis sours Finland's anniversary

BY LANCE KEYWORTH

HELSINKI, Dec. 5. THE POSSIBILITY of the resignation of the government, and a devaluation of the Finnish mark, is overshadowing the celebrations of Finland's 60th anniversary as an independent state. Within days of its first drawing of a U.S. \$100m. from its \$700m. standby credit with a consortium of international banks, Finland drew another \$300m. last week to bolster its shrinking foreign exchange reserves. The solution to the serious economic situation proposed by Prime Minister Kalevi Sorsa's five-party Popular Front cabinet is a temporary wage freeze of some kind and a similar freeze on prices, rents and dividends. This would have to be backed by emergency economic powers for the government, which requires a five-sixth majority vote in parliament. If these laws are to be passed during the present session of Parliament, the bills must be introduced by December 15. The employers and unions have rejected Mr. Sorsa's proposals, but the government official responsible for income policy is still negotiating with them. The Communists are adamantly opposed to a wage freeze of any kind. If the Government therefore tests its plan in Parliament, the Government will be defeated and have to resign. The only alternative, according to both industry and union leaders, is a devaluation of the Finnish mark. To be effective, this should be at least 20 per cent., and supported by after-care measures.

Danish jobless rise forecast

BY HILARY BARNES

COPENHAGEN, Dec. 5. RISING UNEMPLOYMENT, combined with a GNP growth rate of only 2 per cent. and a small reduction in the current balance of payments deficit are forecast for 1978 in a report by the three joint chairmen of the Danish Economic Advisory Council. The report said the current balance of payments deficit would come down from about Kr.7.5bn. this year to Kr.7.5bn. next year, which compares with the Government forecast of Kr.5.5bn. Unemployment is expected to rise from 6.9 per cent. to 7.5 per cent. of the labour force to over 8 per cent. Wages in the private sector will rise by about 9.5 per cent. this year and 8.5 per cent. in 1978, while the increase in consumer prices will decelerate from 11.5 per cent. to 10.5 per cent., said the report.

Italian health fears may close BP protein plant

BY ARNOLD KRANSDORFF

CAGLIARI, Dec. 5. BRITISH PETROLEUM authorities had still not defined the additional tests they required. The BP/ANIC project is not the only one awaiting permission to produce high protein-Liquichimica, part of the Liguigas group, one of Italy's largest chemical companies, has a plant at Reggio Calabria employing similar technology based on a process developed by the Japanese. Toprina, a hydro-carbon fermentation, is a substitute for soya meal and fish meal and is used for feeding such animals as pigs, chickens and turkeys. The BP spokesman said that if the Sardinia plant was closed, only about 30 per cent. of the investment could be recovered if the plant moved elsewhere. The Sardinia project was started in 1973 after Toprina had received initial approval by the Italian authorities. The site in Sardinia had the backing of the Italian Government, which was keen to promote the economic development of the region and BP and ANIC started construction at Sarroch in 1974. Four months before completion of the health authorities suspended approval for the sale of Toprina pending further product testing. The Italian Government claims that tests reveal for the first time a level of N-paraffins of 71 parts per million in the fat of pigs which had been fed 30 per cent. Toprina in their diet - a level which BP says is more than four times higher than that envisaged in previous authorising decrees.

Statfjord platform plans

BY FAY GJESTER

OSLO, Dec. 5. THE GROUP of oil companies developing the Anglo-Norwegian Statfjord oil and gas field has submitted its plans for the field's second platform to the Norwegian Directorate. They want to build an integrated drilling, production and accommodation platform with four concrete pillars and a production capacity of 150,000 barrels of oil daily. This is half the capacity of the field's first platform, Statfjord A. Estimated cost of the structure is more than Kr.7bn. (£700m.). If the directorate accepts the new plans, the group could order

French poll gives narrow lead to ruling coalition

BY ROBERT MAUTHNER

PARIS, Dec. 5.

THE PARTIES making up the present French coalition government are expected to win a narrow majority in the general election next March in spite of the fact that a majority of the electorate still intends to vote for the Left. This apparently contradictory result of the French Public Opinion Institute's latest poll, published to-day by the magazine Le Point, can be explained by the vagaries of the two-round voting system used in French elections. In the first round, which normally gives a true picture of the state of public opinion, though it is decisive only in those cases in which a candidate polls more than 50 per cent. of the popular vote, 51 per cent. of the electorate currently intends to vote for the parties of the Left against only 45 per cent. for the Government parties, with the new Ecologist Movement taking 4 per cent. Because of the large number of candidates running in the first round, however, the result in most constituencies hinges on the run-off, which is usually a straight battle between a joint full supporter, the Parti Republicain, and a single Left-wing candidate. But the breakdown last September of the negotiations between the Socialists and Communists on a common programme has made it less than certain that they will be able to agree a single candidate to defend their Socialist colours in many constituencies. Even if the Left manages to forge a purely electoral alliance, it is expected to win no more than 231 parliamentary seats compared with 242 for the Government parties combined. If two Left-wing candidates present themselves in the second round, the Government majority would be much greater - 274 seats against the Left's 199. Another important conclusion of the poll is that the Gaullists remain by far the most powerful political group on the Government side, with 24 per cent. of voting intentions, compared with only 21 per cent. for all the parties of the Centre combined. Indeed, only 13 per cent. of the electorate currently intends to vote for President support.

New tension in Algeria relations

BY OUR OWN CORRESPONDENT

PARIS, Dec. 5.

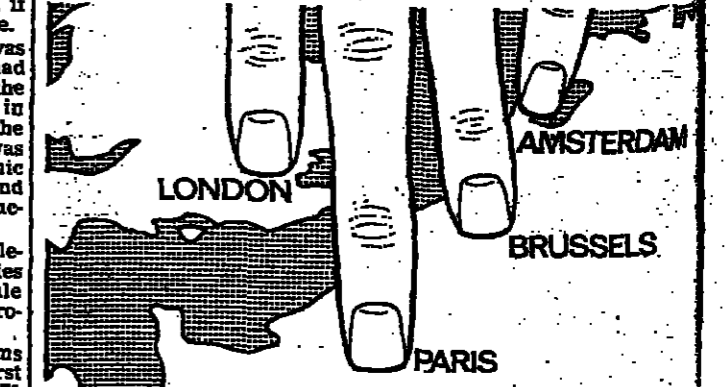
THE ALREADY tense relations between France and Algeria have come under further strain as a result of the activities of a new group calling itself Delta, which has claimed responsibility for the week-end killing in Paris of an employee of the Algerians in Europe Friendship Organisation. Delta, which was the code name of an offshoot of the OAS (Organisation Armee Secours) fighting for an independent Western Sahara, are not immediately released. The French Foreign Ministry official and Polisario representatives for the liberation of the hostages are currently in Algiers was summoned at the week-end by the Algerian Foreign Ministry, which has issued a statement deploring the recourse to irresponsible acts which hit innocent people.

Paris plan on extradition More labour troubles on horizon

BY DAVID BUCHAN

BRUSSELS, Dec. 5.

FRANCE is proposing to its some EEC members states, including France, have refused to create a European legal convention to provide for "automatic extradition" between member states, not only of suspected terrorists but criminals in general. French officials said to be the work of anti-immigrant groups were reported through-out France during the week-end. In Lyons, an explosion damaged an immigrant workers' hostel, while in Nice, another explosion partially destroyed a bar with a fighting for an independent largely North African clientele but which was empty at the time. The latest outbreak of Algerian violence in France has provoked an official protest by the Algerian Government. The French ambassador in Algiers was summoned at the week-end by the Algerian Foreign Ministry, which has issued a statement deploring the recourse to irresponsible acts which hit innocent people. The French Foreign Ministry has issued a statement deploring the recourse to irresponsible acts which hit innocent people. The French Foreign Ministry has issued a statement deploring the recourse to irresponsible acts which hit innocent people.



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AMERICAN NEWS

U.S. coal strike will go ahead, warns mine workers' leader

BY STEWART FLEMING NEW YORK, Dec. 5. THE PRESIDENT of the United Mine Workers, Mr. Arnold Miller, said today that there was no chance of averting a coal industry strike from midnight tonight by the 130,000 miners in the union. There are reports already from eastern coalfields that miners did not report for work today in anticipation of the stoppage. Companies in Ohio, West Virginia and Pennsylvania have said that some 2,500 miners have left their jobs, being convinced that a strike was at hand. Mr. Miller made his remarks when he arrived this morning for the latest round of bargaining with the negotiating arm of the coal companies, the Bituminous Coal Operators' Association. He said that the two sides are getting no closer, and when asked if a strike could be averted, he said, "No."

Pressure for inter-market securities system

BY JOHN WYLES NEW YORK, Dec. 5. THE SECURITIES Industry Association (SIA) has wound-up its annual convention in Florida, determined to develop its proposed inter-market trading system as a vehicle for satisfying congressional demands for a progress towards a national securities market. The inter-market proposal, which is largely being developed by the New York Stock Exchange, has gained new momentum at the convention, which was the forum for a pledge from Mr. Robert Baldwin, the new chairman of the SIA, that he would work to attract other stock exchanges to the idea. In addition to the five stock exchanges which have already agreed to take part. These exchanges—New York, American, Philadelphia, Boston and Pacific—account for more than 90 per cent of trading in listed stocks. In a pilot scheme Mr. Baldwin, who is president of Morgan Stanley, promised to work for the creation of an electronic "book" to store limit orders in the system. Reports out of the SIA convention have indicated that the designers of the new inter-market system envisage that, by early 1979, all specialists in the system would be able to make known the contents of the limit order books to each other and to brokerage houses dealing with the public. Later in 1979, it is hoped, a combined electronic display of all specialists' limit order books would be in place. David Bell writes from Washington: The U.S. Administration's tax reform proposals may be seriously affected by the sudden illness of Mr. Laurence Woodworth, the chief tax writer, who went into hospital in a critical condition yesterday after a stroke. Mr. Woodworth, who served for 23 years on the staff of the joint Congressional committee on taxation, is often described as the man who knows more about the labyrinthine federal tax system than any other in Washington. He became Assistant Treasury Secretary for Tax Policy this year. In this post, he has been responsible not only for the administration's attempts to begin fundamental reform of the tax system (now partly abandoned), but also with the taxation implications of pieces of the legislation like the energy bill. Because of his long experience with Congress, Mr. Woodworth is considered the ideal man to guide new tax legislation through the myriad congressional committees which seek to alter and amend it.

Independent Quebec 'would have trade link'

By John Wicks ZURICH, Dec. 5. A CUSTOMS Union of Quebec with Canada would be inevitable if Quebec were to become independent, the provincial Finance Minister, Mr. Jacques Parizeau said here today. There would be heavy pressure from business to keep trade flowing in both directions, in case of a vote in favour of independence at the planned referendum, said Mr. Parizeau, who stressed the interdependence of industry in the greater Montreal and Toronto areas. Under present conditions, however, it was not certain that monetary union between Quebec and the rest of Canada would prove inevitable, or easy to achieve. The minister said that Quebec would be prepared to discuss the matter should the independence motion prove successful.

Bermuda damage estimated at \$5m.

HAMILTON, Dec. 5. THE LARGELY unseen presence of British troops today helped to keep the peace in Bermuda, which has been beset for the past four days by rioting, fire-bombings and racial tension. Police said that the island, which has suffered \$5m. worth of damage from fires, had been completely quiet since 9 p.m. on Sunday. Several officials credited the calm to the decision to call in the 250 troops who arrived last night from Britain and Belize. They boarded school buses and drove to the base camp headquarters of the Bermuda Regiment. They are being kept out of sight and will not be called on to the streets unless it is necessary, said Government sources. Bermudians counting up the damage caused by the troubles, sparked off by the hanging of two black murderers, have put damage estimates at about \$5m. Scores of people have been laid off because fires have destroyed their places of work. The island's great fear is that the troubles will affect tourism, the lifeblood of the Bermudian economy. The decision to bring in troops has been attacked by the black opposition Progressive Labour Party whose leader, Mrs. Lois Browne-Evans, called it an overreaction. The Government maintains that its own forces were exhausted and stretched beyond their limits. Reuter

Uranium suit may be settled out of court

BY OUR OWN CORRESPONDENT NEW YORK, Dec. 5. GENERAL ATOMIC, a partnership of Gulf Oil and Royal Dutch Shell, appears to be seeking an out-of-court settlement of a lawsuit by United Nuclear over uranium deliveries. In the court case, which began in the state of New Mexico last week, General Atomic is being sued by United Nuclear over uranium supply contracts worth \$15m. at the current price for uranium. United Nuclear agreed to supply Gulf with 27m. lbs. of uranium at a total cost of between \$250m.-\$280m. The contracts were subsequently assigned to General Atomic. It is now seeking to avoid making the delivery, and is relying heavily on arguments that because of its involvement in the nuclear cartel, Gulf knew when it executed the agreement that the price of the uranium would subsequently rise. It is also saying that the involvement of Gulf in the cartel breaches anti-trust laws in New Mexico. Gulf has consistently argued that its association with an international uranium cartel did not affect U.S. uranium prices, because U.S. markets were specifically excluded from the cartel's agreements. The move by General Atomic to get an out-of-court settlement through an arbitration process could mean that the extensive documentation which United Nuclear obtained from the company to support its case may not become public. Also, it is thought that General Atomic may be calculating that it has a better chance of winning a favourable settlement in arbitration.

Beagle islets dispute

It is expected that Argentina will make a final decision this week on whether to accept or reject the decision, made in May, that three tiny islands at the southern tip of South America belong to Chile and not to Argentina. Robert Linley writes from Buenos Aires. Chile accepted arbitration of the British Crown over the islets in the disputed Beagle Channel. James Bay Project, Page 24

U.S. SOCIAL SECURITY

The baby won't stop growing

BY NANCY DUNNE INFATION IS taking its toll of the U.S. social security system: when it was founded 40 years ago, Americans paid no more than \$30 a year (one per cent of the first \$3,000 of annual income) to provide elderly workers with monthly retirement cheques. As the system underwent, there were more than ten workers supporting every social security recipient. The programme was popular because the contribution was minimal, and every worker paying into the system confidently expected to receive similar support from the next generation of wage earners. During the first 38 years of its existence, social security (which corresponds roughly to British National Insurance) worked well. The system built up a \$47bn. surplus, while providing at least subsistence incomes for retired workers and their dependents, disabled workers and workers' survivors. Another boon the scheme's founders did not anticipate was social security's importance to the Federal spending "floor" which cushions the economy during periods of recession. Now the system, having grown far beyond what its designers expected, is in trouble. Keynes about its stability have impelled both Houses of Congress to pass bills which will raise the social security contribution and might put it on a sounder footing. Today, one out of seven Americans receives social security benefits which this year will total almost \$88bn., the equivalent of about 11 per cent of all U.S. taxable income. The number of recipients has mushroomed over the years and social security taxes have had to be increased steadily since the early 1960s to support them. The Old Age Survivors and Disability Trust Fund has suffered deficits since 1976 and threatens to run out of money by the early 1980s. As in other industrialised countries, the precipitous decline of the birth rate and the fact that people are living longer and retiring earlier has led to serious fears about the long-term viability of the system. Today there are only three workers for every beneficiary. Unless the ratio is altered dramatically, the ratio of workers to beneficiaries will get even worse. Projections show that in 30 years, only two people will be working for every one drawing benefits. The plan was originally designed to cover only working people. Later, immediate dependents were added. Then, among others, illegitimate children, students until the age of 22 and divorced wives (if they had been married at least 20 years). Medicare (health care for the elderly) has been included in the system and requirements for disability payments have been made considerably less stringent. The disability fund, which will be out of money next year or the year after is now paying out to more than 4.5m. people. The social security contribution is not, like the Federal income tax, progressive. All workers pay at the same rate, 5.85 per cent, and their contribution is matched equally by their employers. The rate is applied to an annual tax base,

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OVERSEAS NEWS

AFTER THE TRIPOLI SUMMIT

'Rejectionist' states fail in main objective

BY RICHARD JOHNS, MIDDLE EAST EDITOR

THE "REJECTIONIST" summit in Tripoli has left the Arab world in greater turmoil than ever over President Sadat's unilateral bid to obtain a peace agreement with Israel.

By rejecting an independent statement UN resolutions 242 and 338, the Palestine Liberation Organisation and the more extremist groups outside its fold have effectively taken the same position.

Yet the outcome of the Tripoli conference is not a simple compromise which will have left unsatisfied to varying degrees Libya, the extremist Palestinians, Algeria and the PDRY.

Even if Libya or, indeed, Saudi Arabia were to make immediately available their stockpiles of weapons, Syria would still have no military option.

OPEC likely to seek moderate price increase

BY OUR FOREIGN STAFF

ONLY MODERATE claims for increasing oil prices would appear likely when the members of the Organisation of Petroleum Exporting Countries (OPEC) meet in Caracas from December 20.

Mr. Manaa Said Oteiba, the Oil Minister of the United Arab Emirates (UAE), said in an interview published yesterday in the Iranian Government newspaper, Rastakhiz, the day after his departure from Tehran to Kuwait, that the positions of Iran, Saudi Arabia and the UAE were very close on the oil price issue.

Consciences challenged

MANILA, Dec. 5.

A FILIPINO opposition leader, former Senator Benigno Aquino, yesterday challenged the seven members of a military tribunal to examine their consciences about whether they could give him a fair trial after having already sentenced him to death by firing squad.

ON OTHER PAGES

- International Company News: Electrolux new bid AEG-Telefunken passes dividend 24.25 Farming and Raw Materials: Copper output reduction Coffee price down 29

territories and the creation of an autonomous Palestinian state. But in no way has it eased his predicament.

Agreement on a mutual security pact against Israel without the participation of Iraq, Jordan and Saudi Arabia amounts to no more than a ritualistic statement of defiance and meaningless reassurance to Syria.

Agreement on a pact against Israel without Iraq, Jordan and Saudi Arabia amounts to ritualistic defiance and meaningless reassurance to Syria.

commitment to non-belligerency, there is no prospect of an Arab Eastern front being reconstituted with King Hussein of Jordan sitting nervously on the fence unable to come out in the open in support of Egypt or Syria and Iraq having dramatically opted out.

Even if Libya or, indeed, Saudi Arabia were to make immediately available their stockpiles of weapons, Syria would still have no military option.

The second main point of the limited consensus will have pleased Colonel Gaddafi in so far as he has isolated an Arab summit which is isolated by his left in Arab ranks.

The frost agreed upon would have intended to make nonsense of Mr. Sadat's claim to be negotiating on behalf of Syria, Jordan and the Palestinians (though not the PLO).

New Year, and Mr. Oteiba said that although no decision had been taken, any increase would have a negative effect on the world economy.

Sithole to test Smith

By Bridget Bloom

THE Rev. Ndabangisi Sithole, leader of the Rhodesian based Zanu, is to begin talks this week with Mr. Ian Smith, the Rhodesian Premier, to test the latter's sincerity on his recent verbal acceptance of one-man, one-vote in Rhodesia.

Mr. Sithole who had two hours of talks with Dr. David Owen, the Foreign Secretary, on Sunday, said he believed that the Anglo-American proposals formed the best basis for a settlement, and that Mr. Smith's acceptance of their broad framework would constitute one test of his intentions.

Arrests in Pakistan

By Simon Henderson

ISLAMABAD, Dec. 5. IN A determined effort to prevent the revival of political agitation, the Pakistani military authorities today arrested 21 journalists and newspaper workers in Karachi.

Strikes are banned and political activity severely restricted in Pakistan, but this has not prevented agitation against military rule gathering momentum.

'Drastic' proposals for Zambia economy

By Michael Holman

LUSAKA, Dec. 4. IN A FRANK and critical survey of the Zambian economy, a Parliamentary Select Committee chaired by Finance Minister John Mwanakatwe has recommended drastic measures to deal with what President Banda recently described as a "very, very critical" situation.

Among his recommendations are cuts in Government expenditure, "redeployment" of Government employees, a reduction of political personnel paid by Government.

The committee, which includes Agriculture Minister Alex Chikwanda, was established in October this year following a speech by President Banda on the critical state of the economy.

The committee's recommendations were accepted by the National Assembly last week—though in terms of Zambia's constitution the Central Committee of the ruling United National Independence Party (UNIP), and not Parliament, is the supreme body.

Problems

An eight-member delegation from the International Monetary Fund has been in Zambia since last month. Dr. M. Russo, met Dr. Banda. Later this month President Banda will receive the report of a seven-member commission which is studying the problems of the copper industry.

With elections due next year, the report carries potentially far-reaching political implications. One of the most contentious issues will be the proposal to prune the top heavy party and government structure, which the committee describes as both "a drain on the economy" and "a serious constraint to efficiency."

Further, by recommending cuts in national spending and direct contributions by users to their costs, the report also raises questions affecting the socialist humanist philosophy of President Banda.

It seems Zambia is moving towards a substantial rural resettlement programme "in which participation may be compulsory for some."

In its review of the economy the committee begins by noting that the direct cost to Zambia of applying sanctions against Rhodesia since UDI is now \$429.5m. sterling. In addition, copper revenues have fallen sharply from \$241m. sterling in 1974 to nil in 1977.

Expansion

Although non-mineral revenue has increased from \$121m. in 1967 to \$247.7m. this year, further expansion, says the committee, will be hampered by a contraction in the economy.

The latter takes up nearly 40 per cent of the 1977 budget, and although the committee does not make this point, much of it goes on defence. Government expenditure has increased only marginally in recent years.

WORLD TRADE NEWS

North Sea oil lifts U.K. exports to West Germany

BY GUY HAWTHORN

NORTH SEA crude from Britain accounted for nearly 7 per cent of West Germany's total oil imports in September—when British imports in that month were 12.5 per cent of total West German crude imports—the trade was worth DM136.1m.

During the first nine months of the year, total U.K. exports to West Germany have risen by 22.8 per cent by volume. At the same time Britain's share of the vital West German imports market has increased from 3.8 per cent, 4.4 per cent—an increase which British trade officials would not have dared forecast 12 months ago.

The stimulus, however, has been the inflow of oil from the North Sea. Britain's oil sales to the Federal Republic rose by 46.2 per cent during the first three-quarters of 1977, compared with the same period of last year. All other goods in U.K. DM946.3m. and from a small start in January, accounted for just over 3.6 per cent of total West German oil imports during the nine-month period.

FRANKFURT, Dec. 5.

Republie's import market in this sector rose from 5.3 per cent to 6.7 per cent.

The 0.4 per cent rise in market share is exactly what British trade officials have been looking for—and has been particularly encouraging in a year when total imports, excluding crude petroleum, have expanded by only 7.3 per cent.

In volume terms the rise is likely to be much higher, as the on average during the year the Deutschmark has been appreciating on foreign exchange markets. The renewed strength of the pound has had no effect on the figures.

However, despite the substantial increase in exports, the sales gap in West Germany's favour has widened further. West Germany's exports to the U.K. went up from DM3.88bn. during the opening nine months of 1976 to DM10.38bn. This compares with U.K. exports which rose from DM6.2bn. to DM7.6bn. in the same period.

Swedish car sales down 21%

BY JOHN WALKER

STOCKHOLM, Dec. 5.

THE DOWNTREND in the sale of new cars in Sweden continued in November according to the latest report from the Swedish Association of Motor Manufacturers and Retailers.

New car registrations for the first 11 months of this year have fallen by 21 per cent from 228,811 units compared with 288,473 in the January-November period in 1976.

Hopes of an upswing in sales in the final quarter of this year have now been finally dashed. Retailers are fully stocked with 23.10 per cent.

Volvo sales for the first 11 months of this year now show a drop to 52,412 from 69,845 units per cent.

Protectionism slows growth in Far East

By Our Foreign Staff

THE PACE of industrialisation in developing countries of South East Asia and the Far East is bound to slow down as a result of growing protectionism in the West.

In its bi-weekly newsletter International Finance, the group points to the dampening effect on growth that the curbs on textile exports will have on the economies of Hong Kong, Taiwan and Korea.

Paradoxically, the success of the EEC in these negotiations may cause a further complication in MFA renewal. The earlier EEC call for fundamental changes in the agreement, making it more easy for

MFA meeting resumed

BY DAVID EGLI

GENEVA, Dec. 5.

MOVES to avert anarchy in international trade in textiles next year were resumed here today.

At issue was the textiles policy of the European Community which, in the intervening period has negotiated a number of bilateral agreements with supplier countries.

While the Community has been more successful in these negotiations than some anticipated, it has failed to reach agreement with major supplier countries, India and Brazil, as well as with Egypt and Pakistan.

Paradoxically, the success of the EEC in these negotiations may cause a further complication in MFA renewal.

the Community to limit its impact on hard-pressed domestic producers, failed. But the GATT Textiles Committee resumed efforts to extend the existing Multi-fibre Arrangements (MFA) beyond the end of the year when they are due to expire.

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Paradoxically, the success of the EEC in these negotiations may cause a further complication in MFA renewal.

Banks wary of ECGD change

BY LORNE BARLING

BRITISH-BASED foreign banks on fixed rate scheme lending from 22 per cent of sterling current accounts to 24 per cent.

Such a proposal has been put forward during discussions between the clearing banks and the Treasury in an effort to reduce the refinancing load on the Exchequer without placing too much additional burden on the clearers.

It is expected that under the new agreement, to be announced soon, the Government will ask the clearers to raise their limit

if refinancing is to be reduced or even eliminated eventually, to involve a wider range of banks. Initially, this may be carried out under temporary agreement.

At present, clearing banks' liquidity is strong enough to meet demand, but there are uncertainties about their long-term ability to do so, particularly at a high lending limit.

It is therefore felt necessary.

Dekorfa in £50m. Soviet deal

By Adrian Dicks

BONN, Dec. 5. THE Soviet Union has awarded a DM200m. (about £50m.) contract for the construction of a rubber production and blending plant to the West German Dekorfa Consortium.

The plant is to service a tyre factory at Chumkent, in Kazakhstan. The rubber plant, with a daily capacity of up to 600 tons of rubber blend, will have seven mixing facilities with a high degree of automation for producing raw semi-finished and finished rubber.

The Dekorfa Consortium includes several other engineering and plant construction companies specialising in the rubber industry, among them a subsidiary of Krupp, as well as the West German tyre producer, Conti-Gummi, which is to provide know-how.

The contract covers provision of all mechanical, electrical and electronic equipment for the rubber plant, though not at this stage equipment for the tyre factory itself.

£16m. orders for Swiss

By John Wicks

ACCORDING TO the Swiss Ministry of Defence, compensation orders worth 16 million Swiss francs (£16.6m.) have been placed with Swiss industry to date in connection with the purchase of 72 Tiger fighter aircraft from the United States.

Under a special agreement signed last year when the Swiss Frs.1.17bn. order was placed, American companies and authorities undertook to acquire U.S. contracts for Swiss companies worth at least 30 per cent of the fighter order by 1983.

The Ministry of Defence has expressed optimism that the necessary contracts will be obtained. Assembly of the aircraft is to begin in Switzerland next month.

Machine tool group visits Moscow

THE BRITISH participants in an Anglo-Soviet working group on machine tool building left yesterday for an eight-day visit to Moscow.

The Machine Tool Trade Association-sponsored meeting, the sixth since the working group was set up, will discuss the question of long-term scientific and technical collaboration in the machine tool field, and the prospects for expansion of trade and economic co-operation.

The British party will visit ENIMS, the major Soviet research laboratories for machine tools and machine tool plants near Moscow. It will also make a three-day visit to various sophisticated Soviet plants in Armenia.

Uranium venture

Japan's Overseas Uranium Resources Development Company (OURDA) said building will start in Niger next April of a plant to produce uranium ore concentrate.

The venture, under a joint agreement involving Japan, France and Niger, reports from Tokyo, OURDA said it has a 25 per cent stake in the concern, called Compagnie Minière d'Akouta (Cominak), which plans to produce 2,000 tonnes of concentrate a year. OURDA would invest \$15m. but said it will receive 43.3 per cent of output over 20 years from the plant in Niger's northern Akouta region.

Cominak was established in 1974 by France's Commissariat à l'Energie Atomique, the Niger Government and OURDA.

Israeli imports

As from the start of this month 85-90 per cent of Israeli imports will no longer require special licences. Until now, import licences had to be obtained for thousands of items. Henceforth they will be needed for only about 300, including fuel, pharmaceuticals, certain foods, some types of iron and steel, gold, acrylic fibres, weapons, polished diamonds and vessels.

BOPHUTHATSWANA—THE LATEST BLACK HOMELAND IN SOUTH AFRICA

A new nation launched into limbo

BY QUENTIN PEEL IN JOHANNESBURG

THE REPUBLIC of Bophuthatswana today enjoys the dubious privilege of becoming the second independent Bantustan in South Africa, universally ignored and unrecognised outside its mother country.

Simultaneously, some 1.3m. Tswana-speaking people who live outside the boundaries of the country have been stripped of their South African citizenship.

Chief Lucas Mangope, who will be installed today as Bophuthatswana's first head of State, has one apparent advantage over Chief Kaiser Matanzima of the Transkei, who took the first plunge to independence last year: he has had one more head of State at his independence celebrations—not only Dr. Nico Diederichs, the South African president, but also Chief Matanzima himself.

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key issue is that of citizenship. In the case of Bophuthatswana, rather more than half the de Jure population, as defined by Pretoria, and two-thirds of its Tswana-speaking population, live outside its borders.

Chief Mangope and Chief Matanzima have both recognised the power of the argument, and pleaded with Mr. John Vorster, the South African Prime Minister, for special deals for their people. But neither has won any material change in the apartheid pattern.

One basic objection to the loss of citizenship is that it could be used to force an urban black to go back to his "homeland," even if there is even less work available there and he has no connection with it other than his language. South African citizens would be given preference for jobs, it is feared, and "foreigners" swiftly endorsed out.

The other objection is political: that all South African blacks are by rights citizens of the whole country, just like any white, and that the balkanisation of apartheid is denying them

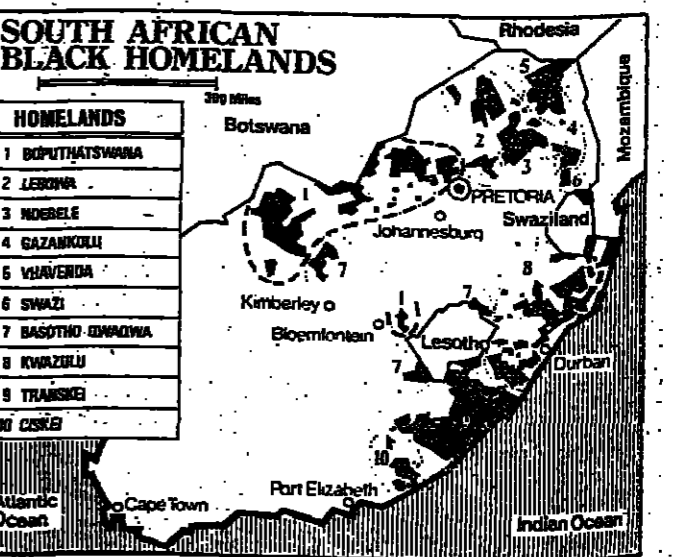
the department of Bantu administration, which still controls the lives of Transkeians inside South Africa.

Chief Mangope has struck a somewhat different deal, it seems. Instead of asking for foreign status for his national seats out of 48. But the turnout, especially in the urban areas, was very low. The total poll was put at 13.5 per cent of the residential housing, business eligible voters. It is estimated that 1.5m. would be eligible but over (complete) foreigners, South African education, welfare rights and so on. Only in name, therefore, will they not be South African citizens, because anyway they would not have political rights outside their homeland.

As a safety valve, Chief Mangope sought an automatic right for Bophuthatswana citizens to renounce homeland citizenship and regain South African status. Instead, they have simply been given the right to apply for South African citizenship, and their applications will be treated, according to Dr. Connie Mulder, the South African Minister of the Interior, like those of any other foreign national.

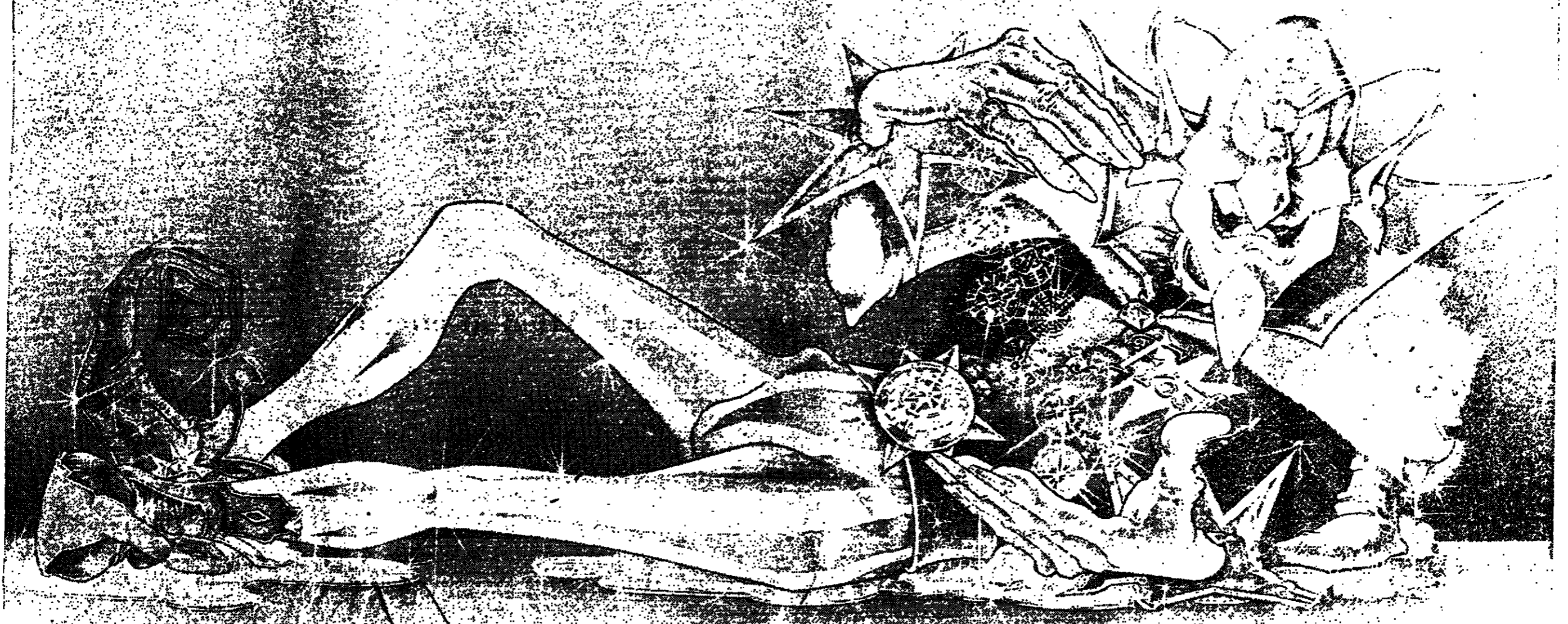
Just how widespread are the fears about the new system, and resistance to Bantustan independence, is difficult to judge. Certainly Chief Mangope won an overwhelming majority for his independence party in the August elections, winning 43 seats out of 48. But the turnout, especially in the urban areas, was very low. The total poll was put at 13.5 per cent of the residential housing, business eligible voters. It is estimated that 1.5m. would be eligible but over (complete) foreigners, South African education, welfare rights and so on. Only in name, therefore, will they not be South African citizens, because anyway they would not have political rights outside their homeland.

Chief Mangope declared that he would refuse to go ahead with independence plans if he failed to persuade Pretoria on the issue of citizenship. He also threatened to do so on the question of consolidation of the homeland, which at present consists of seven separate areas, soon to be reduced to six, spread across half the length of South Africa. Although it has been agreed that talks on consolidation will con-



chrome and manganese. The industry contributes more than 50 per cent of the current GDP. The homeland also has agricultural resources which would make it self-sufficient, it is calculated. But even with massive development it is unlikely that Bophuthatswana will ever be able to provide adequate employment for all of its population, as defined by Pretoria. It will remain no more than a satellite in economic terms, and therefore probably politically too.

Why Jack Frost deserves as much attention as Jack Jones.



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HOME NEWS

Average take-home pay down on 1970

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE REAL take-home pay of a married man on average earnings is less than when the last Labour Government lost the 1970 election.

This is indicated by Treasury figures in a written Parliamentary answer. The real weekly take-home pay of a married man with two children aged under 11 was £80.35 in September compared with £80.70 in June, 1970.

The peak was £89.22 in December, 1974, during the pay explosion of the 1974-75 winter. The 131 per cent fall since then reflects the impact of pay restraint, a sharp rise in prices and a tax system which does not automatically adjust for inflation.

The steepest fall in real take-home pay came during the first half of 1975 as prices caught up with earnings. But even if the end-1974 peak is regarded as exceptional, average real take-home pay this year has still been about 8 per cent below the average in 1972 and 1973.

The squeeze has been even more intense for those on above average earnings as inflation has pushed executives into higher tax brackets which have been fixed in money terms and only infrequently adjusted.

The Government's hope is that real take-home pay will recover sharply in the next 12 months because of the expected reduction in price inflation and cuts in income tax.

An earnings outcome above the official 10 per cent guideline would temporarily boost take-home pay.

The estimate for September, 1977, does, however, take account of the back-dating of the recent cut in income tax. Take-home pay is defined as gross earnings less income tax and national insurance contributions and reflects the New Earnings Survey estimates of average earnings of full-time adult male workers in all occupations.

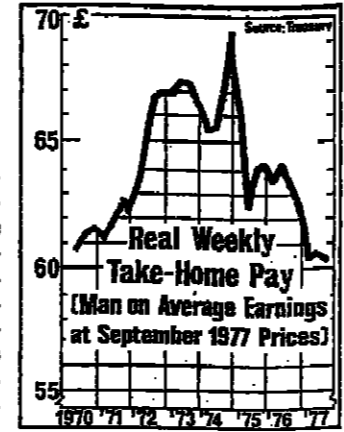
Few signs of recovery in demand

THE LEVEL of demand in the economy remained sluggish during the autumn and showed few signs of the expected recovery. The final index of the volume of retail sales in October is even lower than the first estimate at 105.4 against 106 (1971=100, seasonally adjusted). This compares with 106.2 and 107.2 in the previous two months.

The Department of Trade comments that this suggests that the level of trade has fallen back in the past two months following the recovery in July. However, the volume of sales in October was still higher than the exceptionally depressed third quarter.

Table with columns: Hire purchase credit and retail sales (seasonally adjusted), Retail volume (1971=100), and Total (1971=100). Rows include months from 1976 1st to 1977 3rd, and January to August.

Source: Department of Trade.



BP to spend £57m. on energy-saving projects

BY RAY DAFTER, ENERGY CORRESPONDENT

BRITISH PETROLEUM is to spend £57m. on energy-saving projects in its chemical plants and oil refineries over the next few years.

Sir David Steel, the group's chairman, said last night that BP spent nearly £400m. on energy requirements last year and it was the group's intention to reduce consumption by 13 per cent over the 1973-80 period.

He told members of the Insurance Institute in London that £34m. had been invested already at group refineries to make them more energy-efficient. Over the next four years £23m. more would be spent, which should achieve annual savings of almost £33m.

BP Chemicals, which had already saved 10 per cent. compared with 1973, was planning to reduce £20m. on 40 separate projects which would produce further savings.

which was said energy conservation was one of three main production.

"Instead of major progress on nuclear and coal development, we are witnessing to-day significant delays; delays that could have the most profound consequences for the world's economy in 10 or 15 years' time, or even earlier."

Referring to North Sea oil production, Sir David said the revenue produced represented an economic chance of a lifetime.

He said the Government had two main options in using the money. It could allocate it directly to British industry or to desirable social services.

Or, as the second option, the Government could reduce the level of taxation, encourage investors to put money into projects for which there was a demand, and provide the incentive energy needs, Sir David said, that there was limited time in

October housing starts continue decline after September rise

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

THE SHARP rise in the level of new house building activity recorded in September was not continued during October.

Builders started work on a combined total of 24,600 homes in the public and private sectors in October, against a September total of 28,100. In the three-month period from August to the end of October, total starts were 2 per cent more than in the preceding quarter but 8 per cent down on the same period a year ago.

The Department of Environment estimates that a start was made on 12,500 public sector homes in October, compared with 13,200 in the previous month. In the private sector, 12,100 homes were started compared with 14,900 the previous month.

House completions in October reached 27,800, only 200 below the September total. While the number of homes finished in the public sector fell to 15,100, from 15,500 in September, private completions rose from 12,500 to 12,600. Total completions in the August-October period were 150,000 and 160,000, against 1 per cent lower than during the same period of 1976. In spite of the marked monthly variations in output, starts in the private housing sector remain encouraging and the level of new work entering the construction stage has been running well above the low figures recorded at the start of the year.

The National House-Builders' Council said last month that it expected private housing starts or completions to reach 130,000 this year, against nearly 155,000 in 1976. Private house completions this year are expected to total 140,000, against almost 182,000 in 1976.

In the public sector, a start is expected to have been made this year on a maximum of 135,000 homes, against 171,000 in 1976. Completions should be between 150,000 and 160,000, against the 150,000 and 160,000, against the same period of 1976. The Department of Environment also announced that it expected to announce the conversion or improvement of 31,600 homes in the August-October period, compared with the same period a year ago. Private sector grants were down 6 per cent, while local authority and housing association grants were up 15 per cent.

According to the Department, 12,100 homes were started or completed in October, against nearly 155,000 in 1976. Private

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Split in chemicals industry over development planning

BY KEVIN DONE, CHEMICALS CORRESPONDENT

DISAGREEMENT is growing in the chemicals industry over the aims of industrial strategy and the future for planning agreements.

While all the parties to the Government's industrial strategy exercise are keen to stress their commitment to the work of the sector working group, there are signs of a growing divergence of opinion on what practical results this forum can achieve.

Mr. David Warburton, the national chemicals officer of the General and Municipal Workers' Union, yesterday told a meeting of the Society of Chemical Industry, that there had to be a much closer relationship between the Government, industry and trade unions.

He criticised chemical companies for their failure to adhere to targets which had been agreed within NEDO committees.

Referring to the hope that four ethylene plants will be built in the U.K. by 1985—contained in a sector working party report last year—he said: "Within two months, we were being told that the whole thing was nonsense."

Chemical industry leaders maintain the market projections on which the total of four crackers was based, are no longer valid because of the prolonged depression in trading conditions in Western Europe.

Mr. Warburton said that if the chemical industry was not sufficiently adventurous, then the possibility of State investment in chemicals should be examined.

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Councils take moves against price fixing

By Elinor Goodman, Consumer Affairs Correspondent

THE ASSOCIATION of Metropolitan Authorities has asked its members to co-operate with the Office of Fair Trading to find any registered price fixing operated by their suppliers of concrete.

Following reports earlier this year about major suppliers of ready-mixed concrete fixing prices, the companies have submitted details of more than 20 such agreements. But an authority claims to have evidence of a ring operated in its area which has not been notified to the OFT.

The association's move came as the Office of Fair Trading formally investigated the supply of ready-mixed concrete into another price ring believed to exist in the construction industry.

The Director General of Fair Trading has written to the tarmac suppliers asking them to supply immediately details of any restrictive agreements they operate. This follows a statement made to the office by an executive from within the industry, alleging that in certain parts of the country, suppliers of tarmac were allocating contracts among themselves by agreeing their tenders in advance.

Under the restrictive practice legislation, it is unlawful for traders to enter into trading terms among themselves without first having submitted details of the agreements to the Office of Fair Trading.

Scottish port wins reprieve

A SCOTTISH port which lost £80,000 this year was yesterday given a reprieve for at least three years. Mr. John Sutton, managing director of the Forth Ports Authority, said that the Forth Ports Authority would be kept running although they would be operating at a loss.

He added that a petrochemical complex may be built in the north. Central Fife, and the port may be needed to bring in materials and equipment.

With North Sea oil providing a golden opportunity to reverse the miserable policies of the past, we should once more be allowed to take our enterprise and investments to every corner of the globe.

"We do not any longer need our exchange controls. Our overseas investment must be made free again."

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'Think small and succeed' is lesson for unit trusts

BY ERIC SHORT

SUCCESS in the unit trust sector this year is coming from the funds that have thought small.

Monthly tables published by the magazine Planned Living show that the top positions are occupied either by funds that have concentrated on small companies or by small funds that have adopted an active investment policy.

Three funds have managed to double their value in the first 11 months of this year, the leader being M and G Recovery which has achieved a spread with a growth of 106 per cent.

This fund has invested in what are considered to be true recovery situations, almost invariably among the smaller companies it has invested heavily in selected property shares which are highly geared.

Next best, with 105 per cent, is the Hambro Smaller Companies fund, which specifically invests in smaller companies. This group's other smaller companies fund occupies sixth place with a 74 per cent rise.

The third fund with more than 100 per cent growth—Perpetual Group Growth—has reached this position by relying on investing in companies with high asset values and low price/earnings ratios and sound management.

But it is small funds that can achieve a reasonable spread following this dictum. Framlington, whose Capital and Income funds complete the top five places, also follows this investment strategy.

Overall, out of the 336 funds measured, 106 outperformed the FT-Actuaries All-Share index—up 41.7 per cent—although 294 managed to show a positive return on the year.

Most overseas funds have performed badly this year, reflecting the weakness of most overseas equity markets. The bottom positions are occupied by Japanese and Far Eastern funds, due to the recent weakness of the Tokyo market.

Post Office plans data merger

By John Lloyd

THE POST OFFICE'S Data Processing Service is to be merged into the telecommunications branch from April 1, 1978.

Although the decision, taken last Friday by the Post Office board, has not yet been announced, it has already resulted in protests from one of the Post Office unions.

Data Processing Service is the centralised computer system servicing all the Post Office's data needs. The bulk of its work is in making up telephone bills.

Since last year—and in keeping the accounts for National Giro which went out 13m. bank statements in 1976-77.

It has one major outside contract handled by its commercial arm, National Data Processing Service—to process Heathrow Airport's cargo-handling data.

National Data Processing Service will continue as a separate business, with a turnover of about £1m. However, telecommunication services will take over the bulk of the capacity, handling the postal business's data work on an agency basis.

Giro will have its own system. Merging of the service is in line with a recommendation of the Post Office Review Committee's Report, published earlier this year.

Objections to the board's decision have come from the Society of Civil and Public Servants, which claims it has not been fully consulted.

Welsh airline in service

BY RHYS DAVID

AIR WALES, the newly formed Welsh airline, begins its first service to-day between Hawarden in Clwyd and Rhosae Airport, near Cardiff.

The service, which will be operated twice daily in each direction, will cut the four-hour journey to 40 minutes. A single ticket for the flight will cost £16.50.

CBI sets up body to boost membership

BY ANTHONY MORETON, REGIONAL AFFAIRS EDITOR

THE CONFEDERATION of British Industry is to launch a membership drive in the New Year. As part of this operation it has set up a directorate of membership affairs.

Its first director will be Mr. Ian Kelsall, 47, secretary of the Welsh region of the CBI for the past 12 years. He will move from Cardiff to London in January. The directorate is the second

set up by the confederation in recent weeks. As part of its restructuring, Mr. Christopher Meakin moved from the Association of British Chambers of Commerce to head the smaller firms directorate.

Concerned

The CBI has been acutely concerned at the level of its membership for some time. At best

this has been stagnant at worst it has been declining. Mr. Kelsall's post will involve him travelling round the country persuading companies to come under the CBI's umbrella.

The CBI now has 4,300 parent companies, 11,000 to 12,000 subsidiaries and about 200 associations within its aegis.

In the past few months, top-level recruiting has led to companies such as Marks and Spencer, J. Sainsbury, W. H.

Smith, Godfrey Davis and Dixons joining. Mr. Kelsall's role will be to complement the work on this level largely being undertaken by Mr. John Methven, the director-general.

Pointers

The CBI hopes eventually to crystallise into a confederation of British business. The membership drive, last month's inaugural conference at Brighton

World Value of the Pound

The table below gives the latest available rates of exchange for the pound against various currencies on December 5, 1977. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Scheduled Territory: (o) official rate; (F) free rate; (T) tourist rate; (N.C.) non-commercial rate; (n.a.) not available; (A.) approximate rate; no direct quotation available; (S) selling rate; (B) buying rate; (nom.) nominal; (ex/C) exchange certificates rate; (P) based on U.S. dollar parities and going sterling dollar rate; (Rk) bankers' rate; (Bs) basic rate; (Cm) commercial rate; (Cv) convertible rate; (fn) financial rate.

Sharp fluctuations have been seen lately in the foreign exchange market. Rates in the table below are not in all cases closing rates on the dates shown.

Table with columns: Place and Local Unit, Value of £ Sterling, and Place and Local Unit, Value of £ Sterling. Lists various countries and their exchange rates.

♦ That part of the French community in Africa formerly part of French West Africa or French Equatorial Africa. ♦ Rates per pound. ♦ The Guyana £ has replaced the CFA franc. The exchange was made at a rate of CFA 17.5 to one unit of the new currency. ♦ Stars and bars to show Diets. ♦ General rates of oil and iron exports £861. ♦ The Singapore mark has lately been permitted to stand at an official commercial rate of 0.75 Russian rubles.

The North Vietnamese dong at 0.300 rubles and the North Korean won at 0.700 rubles. With the pound standing at 125 rubles the following relationships could be calculated for the pound: £1=300 rubles. £1=135. The transfer market (continued). Rate is now based on 7 Barbados \$ to the dollar. New one official rate. Two-tier system introduced April 5. Rate for exports non-essential imports and tourism Rate for essential imports 1.675.

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Second Severn bridge mooted

Tube could take 12m. to Heathrow

BY MICHAEL DONNE

LONDON TRANSPORT and the Brussels and Charles de Gaulle, Airports Authority expect Paris. Trains to and from Heathrow Central will run every four minutes during peak hours on the passenger traffic to and from the airport, or up to 12m. 64 minutes during the midday period and every 7 1/2 minutes during the evenings.

The extension has cost £30m. On Saturdays, trains will be timed every five to 10 minutes before 11 a.m. and after 9 p.m. 18 special trains for the route and every four to eight minutes during the rest of the day. On Sundays, they will run about every 7 1/2 minutes.

Approximate journey times to the existing Piccadilly line from Hounslow West to about 40 minutes. From Heathrow Central to Heathrow West will be a single journey to Heathrow Central, a new station east of Heathrow's 90p.

The Queen will probably have the world's first main air-rail link to be directly integrated with the underground rail Transport for London into a big city. Some other more than likely the escalators world airports have surface rail would not be working on time. But London Transport did not atwick, south of London, feel this justified delaying it.

Home-grown Christmas from BBC

By Arthur Sandles

THE BBC seems to have taken to heart mounting criticism of British TV's over-reliance on old films and imports as far as Christmas programmes are concerned.

Schedules for the festive period suggest a much stronger emphasis on home-grown products than is usual—although there is still a liberal sprinkling of old big-screen material.

There is a strong theme of comedy during the 12-day Christmas period, but there is also a fair amount of new drama. The switch of emphasis to home-made products will focus attention on ITV's offerings for Christmas.

Almost by tradition the BBC dominates the festive ratings, much to the irritation of the advertising industry. This year, the threat of programme black-outs by technical staff pursuing a pay claim is hanging over the Corporation.

The Post Office has also announced its Christmas plans. It has taken on 50,000 temporary staff to help deal with the extra mail, hired 4,000 vehicles and arranged to use 300 vacant buildings as sorting offices.

Last recommended post dates are December 17 for parcels, December 18 for second-class letters and December 20 for first-class.

NEWS ANALYSIS—ULSTER HI-FI RESCUE PLAN

Strathearn seeks last chance

BY GILES MERRITT

STRATHEARN Audio, the State-owned hi-fi manufacturer in Belfast, is under threat of closure. The company is this week submitting an emergency rescue plan to the British Government.

The scheme involves a detailed marketing strategy and a new product range, but would entail further significant subsidies during 1978 that would have to be added to the £5m. Strathearn has cost since 1974.

The Strathearn plan follows a recent top management reshuffle and a "last chance" ultimatum given a fortnight ago by Mr. Don Concannon, the Minister of State responsible for industry in Northern Ireland.

Strathearn's future has been very much in question this year because, since being put on a full commercial basis in January, 1977, it has continued to record losses now estimated at £2.5m. During the project's 1975-76 running-in period difficulties were much greater than expected and accumulated written-off losses reached £5.4m.

Unemployment

Just over a year ago the consultants Touche Ross, who were called in by the Northern Ireland Development Agency—submitted a crisis report recommending a drastic scaling-down of the project.

Strathearn Audio, situated in a long, squat building in Andersonstown, West Belfast, was intended as the shape of things to come in Northern Ireland: a high technology, high employment operation which would enable public money to be injected directly into an area where unemployment exceeds 35 per cent.

The planners believed that, once Strathearn was trading profitably, it would provide 1,500 jobs and serve as a prototype for solving the province's particular problem of lack of enough employment in the Catholic ghettos.

On paper, the project looked a winner. Its product was to be a sophisticated direct-drive record player turntable which, with retail prices starting at £50, would undercut the expensive brands, notably from Scandinavia, whose market is the hi-fi enthusiast.

Bugbear

When the new plant opened its doors 3,000 people applied for jobs—ten for each vacancy. Those selected were then given an eight-week "orientation" course before technical training began, and that was the first clue to Strathearn's problems.

The fact that Strathearn has struggled since with an abnormally high turnover of labour among work-starved youths from a Republican West Belfast makes it clear that inculcating industrial disciplines is not easy.

Quality control has been a long, squat building in Andersonstown, West Belfast, Strathearn's fault. Not long ago,



Don Concannon—gave an ultimatum.

forced to face the fact that production was running at less than half the calculated and budgeted optimum rate, while at least half the units made were being found sub-standard on first inspection.

Strathearn has been forced to stockpile.

Mr. Shaw's view is that official concern that Strathearn should be an overnight success may have distorted the true picture of the company's achievements.

He argues that since the project involved transforming "a bog meadow, not even a green field" into a working operation in three years, when multi-nationals in Ulster have taken six to ten years, officialdom has been judging the company by "artificial standards."

Turnover

Four consultants from Touche Ross made a ten-week study with the brief of finding a long-term profits strategy. They reported that the full employment target should be reduced to 1,100, a number of executives should be replaced, and some production plans shelved. In the section of the report that was not disclosed, Touche Ross suggested a full-scale reappraisal of the company's prospects.

That was in October last year, and to-day the position is, if anything, worse. In January the development agency said that if Strathearn's "forward" programme is maintained the workforce will rise from 340 to 550 by 1979. It is currently 320.

Just what the turnover position is nobody outside that can be hung on a wall, Strathearn, the development and by 1975 intends to sell its agency, and the Government own advanced amplifiers and radio tuners.

The sales pitch Mr. Concannon will hear is that by mid-1978 the financial position will have dramatically improved, and from then on past losses could be recouped. The minister may take some convincing, though, with production no longer the problem it was and marketing unresolving difficulty.

Attitude

Whatever the rights and wrongs of Strathearn's past relationship with the people who hold the public purse strings, it is their attitude to the rescue plan that matters now.

In addition to a determined marketing drive, the company is soon to unveil innovative "dispersed sound" loud speakers only three inches deep that can be hung on a wall, and by 1975 intends to sell its agency, and the Government own advanced amplifiers and radio tuners.

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Bid to speed planning appeals by industry

BY DAVID CHURCHILL

PLANNING APPEALS for four out of five appeals would be decided within five months from the beginning of the date of appeal under the next month when regulations new regulations.

Meanwhile, Mr. Peter Shore, Environment Secretary, was urged yesterday by the proposed new powers to speed urban renewal. A delegation from the Association of Metropolitan Authorities and London Boroughs Association told Mr. Shore that the new powers should not be "reserved" for the use of the favoured few.

Big stores

Mr. Shore yesterday promised that the long-awaited new advice note to local authorities on the building of big stores would be published within the next two weeks.

The existing policy note which some retailers blame for the planning difficulties surrounding these large developments, dates back to 1972. A draft of a revised note, which generally adopted a more positive attitude to large stores, was published in July last year but since then it is believed to have been modified with more emphasis placed on the need to regenerate urban areas.

£2m. facelift planned for Glasgow's East End

GLASGOW'S East End, recently criticised for its urban deprivation by a study group under the name Philip, is to get a £2m. facelift.

More than 60 empty sites are to be landscaped or transformed into all-weather sports pitches, playgrounds, walkways, and car parks.

The money is part of the £40m. earmarked for the East End Renewal Project which will develop the area during the next five years.

It was also announced yesterday that work would start to-day on 19 "work shop units" in the area, providing accommodation for small businesses.

The district has unemployment areas of 20 per cent, and faces even longer queue with steel works closures in nearby Lanarkshire.

Mr. Lewis Robertson, chief executive of the Scottish Development Agency which is co-ordinating the project, said he recognised that employment was crucial to its success.

Cutlery industry split over cheap imports

FINANCIAL TIMES REPORTER

AN OPEN breach in Britain's cutlery industry now seeking organisation for cutlery was announced yesterday. The industry association representing the majority of those employed in the industry, and a new grouping would disrupt the unity essential to win Government approval for a global import quota.

The new federation is expected to seek long-term help from the Government on cheap imports, and encourage the rejuvenation of the industry. A five year plan for Government help for export quota, said Mr. Price, was totally unrealistic, and unlikely to shed industry group, the cutlery and Silverware Association.

The man behind the breakaway with the CSA, Mr. Price could deration is Birmingham cutler J. John Price, chairman of some Sheffield unions, already uneasy about import links now established by U.K. companies. He resigned his membership of the Sheffield City Council is planning to send a delegation to Whitehall to seek aid for the industry.

Leyland to merge Austin and Morris franchises

LEYLAND IS to merge its Austin and Morris franchises models which make up the Leyland range, was one of the first step in the company's long-term aim of merging all franchisees so that the full range of Leyland cars will be available retain specialist franchisees for the sale of Jaguar, Daimler, Land Rover, Range Rover and Rover cars.

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If you would like to hear more, please send this coupon to: Keith Jones, Parcels Marketing Manager, FREEPOST, Postal Headquarters, St. Martins-le-Grand, LONDON EC1B 1HQ. No stamp required.

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War and peace in the Potteries

BY PETER CARTWRIGHT

BEHIND THE exquisite pieces of English bone china and the beautifully modelled limited editions of birds and animals which have become sought after collectors' pieces, lies a frightening history of child labour, brutality, rioting and strikes. This early history of the Potteries reached a dramatic climax in the 1840s with the emigration to America of many potters families, who went on to found Pottersville, in Wisconsin.

The turbulent early history of what is now the Ceramic and Allied Trades Union is traced in a book recording the 150 years of strife, growth and eventual maturity into a 47,000 strong society with branches in Scotland and Northern Ireland. Its publication this week is linked with a special exhibition of old pictures, texts and other memorabilia at the Gladstone Pottery Museum in Stoke-on-Trent, which has been opened by Mr. David Owen, the Foreign Secretary.

For an industry that has not had a major strike within living memory the early history of the union provides a devastating and chastening picture of life in the early days of the industrial revolution. Transportation for life was not uncommon, and for breaking the yearly labour contract or lawlessness, transgressors could be sent to the treadmills at Stafford gaol, a few miles south of the Potteries towns around Stoke-on-Trent.

The two treadmills at Stafford were like huge revolving mouse wheels in which eight men worked eight hour shifts, ceaselessly walking up the wooden treads to provide the human power to grind the corn. The factory system was an early growth in the Potteries: Josiah Wedgwood was already established in Etruria in 1769 and by the 1780s about 15,000 were employed in the industry. By 1840 Copeland and Garrett (Spode) were employing 1,000 and Wedgwood 600. They were

bigger than most factories but not as big as the largest textile mill. The average pottery factories of birds and animals

Workers bound themselves to employers for a year at the Martinmas hiring in November. As much as a month's wages in fines were imposed for lateness and absenteeism. More serious breaches of contract could result in six months on the treadmill.

Employment of boys of eight and ten was part of the family structure. They worked six days a week and went to school only on Sundays. "Summer was no summer for them except on Sunday" wrote a contemporary. The children were feeble and stunted and suffered from stomach ailments and epilepsy. Many died from constantly dipping workpieces into great quantities of lead, and sometimes arsenic.

Child labour

Engels described their plight in *The Condition of the Working Class in England*: "The hands, adults and children are always wet with this fluid. The skin softens and falls off under constant contact with rough objects, so that the fingers often bleed and are constantly in a state most favourable for the absorption of this dangerous substance. The consequence is violent pain and serious disease of the stomach and intestines, obstinate constipation, colic, sometimes consumption and most common of all, epilepsy among children."

Each piece of pottery had to go through many processes, but only ware good from the oven was paid for. This was manifestly unfair. In addition employers had many devices for not paying in full. The count was the basis for payment, but could be arbitrarily altered. Thus a dozen might be two turns, 24 half pint jugs or 18 plates. Payment in truck was

also common, and an instance is recorded of a worker who sold a pig for 4d a lb and had to buy it back at 6d a lb.

Workers and bosses were in an almost permanent state of warfare. One went so far as to install a "whispering pipe" from his office to the shop floor to listen to what was being said—an initiative that hardly comes under the heading of improving communications in industry.

This was fertile ground for a strike. In 1824 the potters formed one of the first unions and in 1835 won a 15-week strike for higher wages. At the next year's hiring employers tried to impose harsh terms, including lock-outs for strikes. These were rejected and 14 factories struck. Managements retaliated by locking out 20,000 from 64 factories. The strike collapsed after 21 weeks amid penury and utter misery.

The Potteries was a hotbed of Chartism and some of the worst riots occurred in the district. After the riot of the summer of 1842 54 potters and miners were transported. Two years later an emigration society, sustained by members paying £1 a week, was formed. An agent was sent to Wisconsin and eventually Pottersville was established on 1,440 acres of poor Indian land, the name later being altered to Dodgeville after the name of the governor. Some 40 families emigrated, but in 1850 the project ran short of funds, partly through misappropriation, and collapsed.

While the bad old days have long since been swept away, some of the traditions persisted for many years and others assumed a new guise. Thus payment good from the oven remained until the first World War, and there is still an annual settling day—but in March instead of November. To get it changed to the spring was a constant battle because if you're on strike "you can eat grass in the summer—but not in winter." The annual wage settlement—something that British Leyland

and many more are still painfully groping towards—has been one of the more stabilising features of the industry. So, too, has the fact that all but 10,000 of the 59,000 or so workers in the ceramics industry work in the Midlands, mainly in the five Potteries towns. If there is a dispute, a union official can be on the spot very quickly.

Earnings are neither so high as to attract envy or so low as to stimulate unrest. Last April the men were earning on average well over £74 a week, being 10th out of 25 industries. The women, on whom the industry exclusively relies for fine decorating, earned £47, and again were half way up the industrial league table.

In recent years the area has been a better one than most, especially for youngsters. Some 900 have been taken on in the past two or three years and those without jobs are relatively small in number.

Family names

A major reason for this has been the restructuring of the industry from small, mainly family units to a few dominant groups. The professional managers have moved in and the families have moved out as rationalisation has created stronger, more competitive units. The Wedgwoods, Aynsleys, Copelands, Wilds, and others like them, are now in retirement, scattered over the world, or non-executive directors.

Compared to a couple of decades ago only a few bearing the family name still wield power: the Johnsons, Beswicks, and Richard Bailey, managing director of Royal Doulton, which has now emerged as the dominant force in bone china. Such great names as Royal Crown Derby, Minton and Royal Doulton Fine China are among the 17 ceramics factories while only two others make earthenware. And in fact this is a sector of

the market in which Wedgwood is the undisputed leader, in spite of its china production. Third largest tableware group is Royal Worcester-Spode, which a year ago strengthened its position by taking over Spode from the American-based Carborundum Corporation. Among other well known names are Alfred Clough, Denbyware and Staffordshire Potteries.

Devaluation, and the ability to purchase almost all raw materials domestically, together with keen designs and modernised plants have given the tableware sector—and indeed the industry as a whole—an enviable status as a foreign currency earner. Last year it just failed to top £300m. in production. This year it should be reaching into the second half of the next £100m., for it was up to £179m. in the first half of the year compared with £140m. in the corresponding period of 1976.

Tableware and other domestic ware, including figurines, reached £11m. in the first half of the year, and contributed proportionally to exports. In the first nine months sales abroad netted some £17m. more than in the January-September period of 1976 at well over £80m.

Individual pieces can command very high prices and fine limited editions are snapped up as investments. Among the best known are the birds of Dorothy Doughty for Worcester Royal Porcelain. Doris Lindner, now in her eighties but still active, is another famous Worcester designer. Perhaps her best model was the Queen on Tommy at the Trooping the Colour in 1947 when the Queen was deputising for her father. It then cost £100. Recently a replica went for £8,000 in New York. Even the most intransigent, truculent employer would have called that good from the oven.

HISTORY OF THE POTTERIES UNION by Frank Birchall and Richard Ross. Published by George Street Press 1968. 160 pp. 25s.

This announcement appears as a matter of record only.

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Hamersley Holdings Limited

8½% Notes Due 1984

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Indenture dated as of January 1, 1977 under which the above-designated Notes are issued, \$1,800,000 aggregate principal amount of such Notes has been drawn for redemption on January 1, 1978 (hereinafter sometimes referred to as the redemption date).

The Notes drawn for redemption, each in the principal amount of \$1,000, commence with serial number 11 and end with serial number 39974. All serial numbers within that range, ending with any of the two digit combinations specified below, have been selected for redemption:

32 33 34 35

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The Notes specified above are to be redeemed for the Sinking Fund (a) at the WCG Bond Windows—2nd floor of Citibank, N.Y., Trustee under the Indenture referred to above, No. 111 Wall Street, in the Borough of Manhattan, The City of New York, or (b) subject to any laws or regulations applicable thereto, at the main offices of Citibank, N.A. in Amsterdam, Frankfurt/Main, Geneva, London (City Office), Paris and Tokyo, and of Citibank (Belgium) S.A. in Brussels, Swiss Bank Corporation in Basle and of Banque Generale du Luxembourg S.A. in Luxembourg. Payments at the offices referred to in (b) above will be made by check drawn on or transfer to a dollar account maintained by the Holder with a bank in The City of New York on January 1, 1978, the date on which they shall become due and payable, at the redemption price of 100 percent of the principal amount thereof, together with accrued interest to the date fixed for redemption. On and after the redemption date, interest on the said Notes will cease to accrue, and, upon presentation and surrender of such Notes with all coupons appertaining thereto maturing after the date fixed for redemption, payment will be made at the said redemption price out of funds to be deposited with the Trustee.

Coupons due January 1, 1978 should be detached and presented for payment in the usual manner.

HAMERSLEY HOLDINGS LIMITED
By: Citibank, N.A., as Trustee

November 29, 1977

CYCLONE DEVASTATION IN INDIA

We need your help

An appeal has been made for immediate aid to the victims of the Indian cyclone which devastated an area of 20,000 square miles.

Up to 50,000 have died.

2,000,000 are homeless. Imagine trying to rehouse the combined populations of Birmingham, Edinburgh and Cardiff, all at one time.

£175 million worth of crops have been completely ruined. Voluntary relief organisations have been asked to give aid.

But unless that aid arrives in the area almost immediately, and in sufficient quantities, many more will die of cholera, typhoid, or starvation.

Some members of the Disasters Emergency Committee are already working in the stricken area. Others have been sending initial consignments of aid and cash for local purchase through their sister organisations. This is only the beginning. To be able to deal with the enormity of the situation we need your help.

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For our help to be effective it has to be given in the next few days: So please send any money you can afford to:

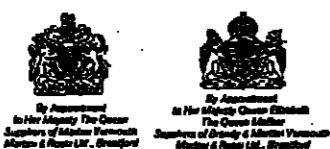
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LABOUR NEWS

Government accused of wage talks intrusion

BY PAULINE CLARK, LABOUR STAFF

Mr. Geoffrey Drin, general secretary of the National and Local Government Officers Association... accused the Government of "unwarranted intrusion" into wage negotiations...

not only the morale of trade unionists, but relations between the two sides for the worst... The meeting between representatives of all the leading local authority associations...

Firemen's pay claim opposed in poll

BY OUR LABOUR CORRESPONDENT

A MAJORITY of the people believe that the firemen, whose annual strike is now more than a week old, should settle within the 10 per cent pay rise... The poll showed strong continuing support for the Government's efforts to control inflation...

TUC backs AA staff union right

BY OUR LABOUR STAFF

THE TUC disputes committee has upheld the right of a company staff association to give negotiating rights to the trade union of its choice... The TUC said yesterday that an award gave both the Association of Professional, Executive, Clerical and Computer Staff and the Association of Scientific, Technical and Managerial Staffs rights to organise membership in the AA.

Do an honest day's work, call by Judge

WORKERS SHOULD do an honest day's work to return to improved job security... Mr. Justice Kilner said at the Employment Appeal Tribunal in London yesterday... There was nothing in the law which should encourage a worker not to act fairly towards his employer...

Rolls-Royce pay offer

MEMBERS of the Amalgamated Union of Engineering Workers, the Transport and General Workers Union, and the Electrical Union... have been offered rises of between 8 per cent and 11 per cent... The increases, varying from 8.5 per cent to 11.5 per cent for craftsmen...

£60m. support for training

BY ALAN PIKE, LABOUR CORRESPONDENT

THE GOVERNMENT is prepared to make £60m. a year available to help finance measures aimed at overcoming the shortage of skilled workers in industry... The Government investment in training skilled workers has not reached, but the Government has undertaken to give support and financial backing to power Services Commission proposals published yesterday...

Raleigh men stay out

NEARLY 5,000 workers at the Raleigh cycle factory in Nottingham... have yesterday voted overwhelmingly to continue their three-week-old strike over pay... The meeting was called by shop stewards to give the rank-and-file a chance to decide whether to continue the dispute or accept the company's 10 per cent offer...

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PUBLIC NOTICES. LOCAL AUTHORITY BILLS. 22,000,000 Northampton Borough Council. 22,000,000 Northampton Borough Council. 22,000,000 Northampton Borough Council.

PARLIAMENT and POLITICS

CROWN AGENTS DEBATE

MPs' vote backs call for public inquiry

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE GOVERNMENT was last night defeated over its attempt to ensure that the inquiry into the loss of £212m by the Crown Agents would be held in private. At the end of the emergency debate on the affair, MPs voted by a majority of 32 (188 to 126) that it should be held in public.



Mr. Wood... apologised for misleading answer.

1971, during which all opportunity of obtaining information or exerting control had been lost. His main disquiet now was over the course of action which the Government was proposing to take. He urged Mrs. Hart to reconsider the decision to have a private inquiry. Under an open system of examination, he and others would be able to give evidence and found guilty or not guilty.

laid down by statute. There was need to incorporate the Crown Agents by legislation along the lines suggested in the 1976 White Paper. To this end, legislation would be introduced to give the Crown Agents a corporate status clearly stating their relationship with the Government. This would lay down the Minister's powers of direction and would provide a financial framework for the Crown Agents under statutory control.

Hattersley seeks way to slow price increases

BY IVOR OWEN, PARLIAMENTARY STAFF

POSSIBLE WAYS of ensuring longer intervals between price increases are under investigation by the Government. Mr. Roy Hattersley, Prices Secretary, told the Commons yesterday. But in agreeing with Labour backbenchers that moderation in wage settlements must be accompanied by moderation in price increases, he again ruled out a price freeze.

Tories started by inflation claim

BY IVOR OWEN

A FORECAST by Mr. Roy Hattersley, Prices Secretary, that Britain will not only achieve a single-figure rate of inflation by next spring but maintain it throughout 1978 started Conservative MPs in the Commons yesterday.

Sir Harold recalls documentation that was 'horrifying to read'

AT THE start of the debate, Mr. Mendelson said he did not accept the Government idea of an informal inquiry sitting in private.



Mr. Mendelson... who initiated the debate.

There is no room for misunderstanding. The Government committee of inquiry into the loss of £212m by the Crown Agents (Evidence) Act of 1921, he declared. Attacking the Crown Agents' losses, Mr. Mendelson said: "The first reaction has been one of disgust and shock that this should have been going on for almost 10 years. That should be the reaction of the House as well."

Mr. Wood said that Sir Claude Hayes, the civil servant who became senior Crown Agent, had the loss of £212m by the Crown Agents would be held in private. At the end of the emergency debate on the affair, MPs voted by a majority of 32 (188 to 126) that it should be held in public.

Owen indicates limit on power to act over death sentences

THE COMMONS should reconsider the Foreign Secretary's impotence to advise against the death penalty in dependent territories, Mr. David Owen, Foreign Secretary, suggested yesterday.

Bermuda on Sunday and had since been joined by a company of the Royal Regiment of Fusiliers from the Spearhead Battalion. He hoped that the measures and the appeal from the Governor for peace would restore harmony to the colony. Mr. John Davies, shadow Foreign Secretary, asked Dr. Owen to what extent trouble had been caused by the independence issue. He also called for the record of capital crimes in the past.

'Clip-board' selling condemned

SO-CALLED "clip-board" selling by attractive girls in the street was condemned as deceptive and reprehensible by Mr. John Hattersley, Prices Secretary, in the Commons yesterday.

Mr. Robert McCreindle (C. Brentwood and Ongar) suggested that it would be "more acceptable if those engaged on this kind of identification so that the public were not under the misapprehension that they were answering a question from a genuine researcher." Mr. Fraser replied that the Government did not have powers to bring legislation around attractive girls with clip-boards in the streets. "It would be better if there were a complete end to this deceptive practice."

Company Notices

SCADORA 4% GOLD BONDS. NOTICE IS HEREBY GIVEN that a drawing of the Bonds of the Government of the Republic of Ireland will be held on the 22nd November 1977. The Bonds are £100 each and the interest is payable quarterly.

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December 6 1977
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FINANCIAL TIMES REPORT

Tuesday December 6 1977

FRANCHISING

Like many other business developments, franchising arrived in Britain from the U.S. Despite fluctuating fortunes both sides of the Atlantic, it has established itself as part of modern shopping and eating habits.

Fresh force in retailing
By Elinor Goodman
Consumer Affairs Correspondent

ing can provide a rapid route to growth. In the U.S. franchising accounts for just over 30 per cent of retail sales and 10 per cent of the Gross National Product. In all, there are thought to be over 400,000 franchised outlets in the U.S. with a combined turnover of around \$240bn. The companies involved range over such diverse fields as fast food and weight control to employment services and business aids, like accountancy advice, and include well known names like McDonalds and Manpower as well as more obscure names like the Athletes Foot Company.

By comparison with the U.S. British franchising is still in its infancy. Estimates put sales through the 2,000 or so franchised outlets in this country at about £250m. But in England, too, some well known names have been built up on the strength of franchising. Most of them operate in fields which until their emergence were dominated by independent traders and which require working long hours—industries like catering, domestic services and printing. Fast Foods have been perhaps the biggest growth area. Kentucky Fried Chicken and Wimpy bars are both franchise operations, though both companies run their own branches as well as franchised outlets. Some of the new entrants to the "ice cream" market, like Dayvilles, are also franchise operators, while in the service area there are companies like Dyno-Rod and Servicemaster.

The motor industry has fattered a number of franchise organisations, like Pit-Stop, as well as some of the car rental companies. Some hotel chains, too—most notably Holiday Inns

—are also a form of franchise, though the capital investment involved usually means that the franchise is taken out by a company rather than individual.

Standard

To the customer there is often little to distinguish the franchised operator from a company-owned outlet. All the branches, for example, look the same regardless of whether they are owned by the company or by a franchisee. Standardisation is one of the features of franchising. It is also one of the areas which can lead to friction between the franchiser and his more independent franchisees.

In essence, franchising is where a company establishes a contractual relationship with owners of separate businesses which operate under the franchiser's name in a specified manner to market the product or service. The franchisee pays a capital sum to the franchiser for the use of the trade name and initial training. He also pays the normal costs involved in running a business such as rent and wages, though the franchiser will sometimes help finance the purchase of equipment.

Once in business the franchisee pays a continuing royalty, in exchange for which the franchiser undertakes to provide continual training and administrative advice and advertising support—as well as the use of his brand name and any particular business formula he may have devised. In some cases, the franchisee is also guaranteed an exclusive trading area.

The royalty, ranging from perhaps 4 per cent, to as high

as 25 per cent, is either geared to sales or to whatever purchases the franchisee makes from the franchiser.

According to Dr. M. J. K. Stanworth, who has written a detailed study* of the industry with a grant from the Social Science Research Council, the relationship must be an on-going one for it to have benefits for both sides. In theory at least the two parties depend on each other for their success and both are therefore working towards the common end of increasing their turnover.

It is this on-going relationship which distinguishes franchising, as defined by the newly established British Franchise Association, from methods like pyramid selling and some of the laundrette operations which proliferated in the 1960s. In both these situations companies at the top of the tree made most of their money from a once-and-for-all sale of equipment or the right to trade, and it was of little interest to them whether the person who had taken out the rights succeeded or failed.

Even so, most franchise operators demand a not inconsequential capital sum before allowing anyone to take out a franchise. This they say is necessary to get the right degree of commitment from the franchisor. The investment may in fact mean that an entrepreneur needs more capital when taking out a franchise than when starting out on his own.

To set up a Kentucky Fried Chicken branch, for example, would probably cost between £20,000 and £25,000 by the time the franchisee had acquired the right premises. Just under £2000 of that would have been paid to Kentucky in the form of an initial £1,000 "option fee" and

a £500 opening services charge. The same man might have been able to open a fried chicken shop under his own name for rather less. But against that he would not have had the support of Kentucky Fried Chicken or the use of the name, and the restaurant might not have been up to the standard of a Kentucky outlet.

In America one of the great advantages of taking out a franchise, rather than starting a business from scratch, is claimed to be the much lower failure rate. One figure quoted, for example, is that while 92 per cent of non-franchised businesses closed within five years of opening, only 12 per cent of franchised outlets met the same fate. To begin with, America is a higher risk business society than England, so this figure may not have much relevance to the British market, but it is certainly true that franchising can offer more security than total independence, while at the same time giving the franchisor some of the satisfaction of being his own boss.

Advantages

According to Dr. Stanworth, the franchisee buys himself a commercial expertise in a specific field. In this way he should be able to avoid the kind of mistakes which often bedevil the independent small businessman. Moreover, the link with a well-known company may make it easier for an individual to borrow the money necessary to start up in business.

Against this, there can be disadvantages for the franchisee. The long hours which seem to be almost inherent in running a franchise may be worth it in

view of the financial rewards, though the franchisee who has taken out a franchise just because he wanted to run his own business may rebel against the standardisation which the franchisor requires. Once the business is established he may also begin to query the size of the royalty he has to pay for the privilege of staying in that business.

The unique relationship between the franchisor and his franchisees can create problems for the franchisor too. The type of people who take out a franchise may not willingly accept dictates from head office, thus making tight control over the operation difficult. Moreover, franchised outlets may be aware, as all the companies are aware, of a higher risk business society than England, so this figure may not have much relevance to the British market, but it is certainly true that franchising can offer more security than total independence, while at the same time giving the franchisor some of the satisfaction of being his own boss.

The British retail chain Halfords, for example, is experimenting with the idea of trying to get companies abroad to take out a Halfords franchise for a whole area. Other retailers with their own manufacturing capacity are considering using the franchise concept as an alternative to closing down some of their smaller stores.

Not all companies find franchising suits their style of operations. Unigate and General Foods, for example, both briefly diversified into franchised fast foods and then pulled out again. Most of the big franchise companies run their own stores as well as franchising others out, and in the States there has been a tendency for some of the biggest franchise companies to start buying back some of their franchised outlets.

Though the U.S. is now regarded as the Mecca of franchising, the real founding fathers of modern franchising were the British brewers who in the eighteenth century created a system of "tied" agreements with publicans. Similar relationships with petrol stations were then created by the oil companies. But it was not until J. Lyons started franchising Wimpy bars in 1957 that what is called "second generation franchising" really came to Britain. Since then a number of American companies, like the Heublein subsidiary Kentucky Fried Chicken, have come into the British market, while a number of well-established American names like Ziebart have come to Britain as a result of British companies taking out the master franchise for this country.

Not all the American imports have been a success. Orange

Julius, for example, made only a brief appearance in Britain, while the Tandy Corporation is now concentrating on running its own branches rather than franchising them. Meanwhile Wimpy, which started it all in this country, has been sold to United Biscuits.

Room

The members of the British Franchise Association say there is still plenty of room in this country for expansion, though, interestingly enough at least one British franchisor is concentrating its fast food expansion in W. Germany rather than Britain. In one sense Britain may offer a better climate for franchising than America where for all the emphasis on innovations and self-reliance the courts in some States have held that franchise contracts are a restraint on trade.

The advice to the British from a recent conference of franchise chiefs in America was to form a proper trade association and so fend off any possible legislative threat to the industry. The newly formed British Franchise Association certainly means to improve the image of franchising in this country, which it feels has been tarnished by the pyramid selling scandals. It is setting up a code of ethics which if followed in spirit as well as by the letter should ensure that this happens.

Franchising, as the Association itself says, is not a miraculous way of getting rich quick. But properly handled it can offer a real opportunity to people who would not otherwise be able to run their own business.

* A Study of Franchising in Britain.

WE'LL SET YOU UP WITH THE TASTIEST BIRD IN BRITAIN.

The take-away food market is growing fast. And right now we are offering suitable men and women exceptional opportunities to become Kentucky Fried Chicken franchise owners.

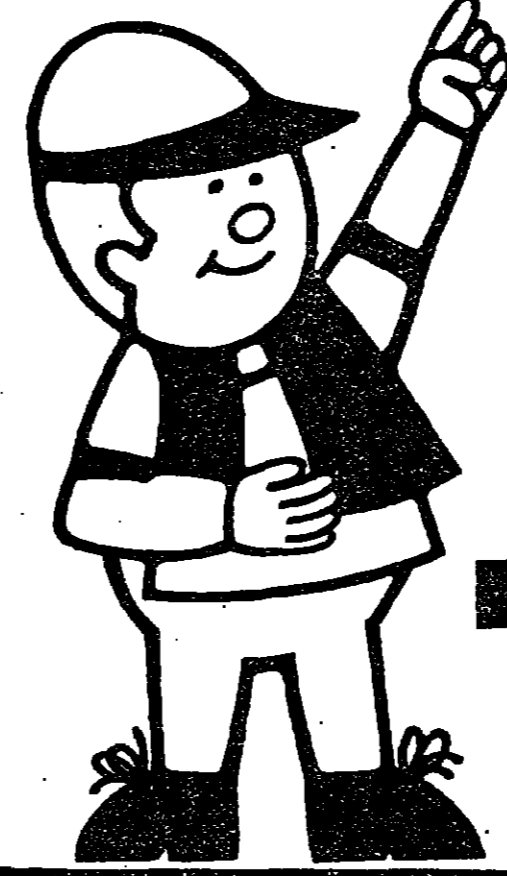
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GOURMET

FRANCHISING II

Extended role in U.S. consumer market

VINYL MASTER FRANCHISES HAVE A LOT GOING FOR THEM.

Since this revolutionary new process for restoring vinyl upholstery was introduced last year, Vinyl Master has become one of the fastest growing franchise companies in the country.

Already, this ICI-approved process is making tremendous inroads on conventional refurbishing methods.

Being quick, inexpensive and virtually invisible, this new on-site mending and cleaning service is currently in wide use in pubs, hotels, restaurants and department stores...in fact wherever there is vinyl.

Vinyl Master franchises are still available. For further details contact Mr. E. Tinkler, Managing Director, Vinyl Master Limited, Dominion House, 21 Barton Street, Tewkesbury, Glos. GL20 5PR.

Telephone: (0684) 295511.



IN THE U.S. many small business owners view franchising as the entrepreneur's last defence against the big corporations.

Franchising now employs some 31m. people and accounts for almost 30 per cent. of all retail sales.

The Commerce Department is predicting that in 1977, more than 463,000 outlets will take in more than \$238.8bn.—about 10 per cent. more than last year and more than double the level of early 1970s.

new growth, involves the licensing by the franchisor of a trade-marked product, service or method to a franchisee.

It is in the ubiquitous shopping centres of suburban America that franchising is to be seen most noticeably.

After a difficult period during the 1969-1970 recession, franchising sales growth has been steady and failure rates have dropped sharply.

and cans have produced revenues topped \$25m. in 1976 and are expected to rise 50 per cent. this year.

Most Americans are used to thinking of fast food franchising in terms of billions of hamburgers sold. However the big gains in ready sales and units since 1972 have been among franchised seafood and pizza restaurants.

The American appetite for fast foods has been whetted by large national advertising budgets pushing new varieties and promotional gimmicks like "make your own sundae" and "self-serve salad bars."

industry, whose combined revenues topped \$25m. in 1976 and are expected to rise 50 per cent. this year.

In most property franchise agreements brokers receive instructions in office management and personnel training, the benefits of bulk purchases of office supplies, and access to financing, insurance and escrow services.

The increasing number of working wives in the country has done much to spur the growth of franchised convenience grocery stores, which in 1976 numbered almost 15,000.

Among the newer franchising fields, the fastest growing sectors include business aids and service equipment rentals, recreation, entertainment and travel.

Surprisingly, the extraordinary growth of American franchising has not been accompanied by a great deal of Government regulation.

The Federal Government has no legislation directly regulating franchising, although some aspects of the system have been challenged under anti-trust statutes.

One of the bulls of the franchising market is the property away from A. and W., the parent company, field services were neglected by the master franchisee.

In Britain master franchising has a three-tiered structure. There are, first, the imported systems, which were developed in other countries and then exported to Britain.

Third, there are British systems for export. These are British companies which are highly successful in running non-franchised businesses in Britain.

One company that is currently taking advantage of exporting master franchises is Dyno-Rod, the drain clearing operation.

David Churchill

from the franchisor. However, the court rejected the reasoning that persuasion or influence may be the virtual equivalent of coercion.

Congress has discussed but not dealt with the controversial issue of the franchisor's ability to allocate exclusive territories.

This proposal has also been strongly, and thus far successfully, opposed by franchisors, who insist they need the prerogative to terminate those operators failing to meet company standards.

Because shady operators have occasionally been able to

cash in on franchising's success, business circles have for some time advocated full and fair disclosure legislation on the Federal level.

The Commerce Department is predicting that franchising's share of retail sales will continue to increase.

Ownership of several franchises by one owner is a trend likely to continue.

Nancy Dunn

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POWER ROD The Protectors. Image of a man in a uniform.

Have You Applied for Your ZIEBART Licence? AA Approved Rustproofing process Unique Sealant Detailed Technical Literature Intensive Training National & Local Advertising back-up Financial Assistance if required

Fraction

After a difficult period during the 1969-1970 recession, franchising sales growth has been steady and failure rates have dropped sharply.

The greatest weakness in franchising's growth potential has been in the traditional categories. Vehicle dealers did well in 1976, with an 18 per cent. sales increase over the previous year, but petrol stations and bottling plants have fallen on hard times.

At the end of 1976 almost 225 American companies had foreign outlets. Of the 59 planning to go ahead in 1977, ten were fast-food businesses.

proved successful, it eventually decided to franchise the system, first in Britain and then overseas.

In Britain now, however, Wimpy do not grant master franchises which would allow a franchisee to sub-franchise to other people.

Another company which has given up the master franchising concept is Servicemaster, the specialist cleaning organisation.

This policy has been discontinued in Britain because, in the main, master franchise coordinators failed to accept full responsibility for developing the franchisees and areas under their control.

The management of J. Lyons refused the franchise several times before agreeing to give it a corner in one of its outlets.

Discontinued

Another company which has given up the master franchising concept is Servicemaster, the specialist cleaning organisation.

Servicemaster does not currently grant master franchises although it did operate on this basis formerly when it followed the American pattern to grant licences to "Master Franchisor Co-ordinators."

This policy has been discontinued in Britain because, in the main, master franchise coordinators failed to accept full responsibility for developing the franchisees and areas under their control.

Perhaps the best known traditional franchise operation in Britain is the Wimpy Bars food chain but this in fact started out as a master franchise system.

The J. Lyons organisation, which until recently owned the Wimpy franchise in Britain, had bought the Wimpy franchise from its U.S. owners in the early 1950s when it was run as a multiple restaurant chain.

The management of J. Lyons refused the franchise several times before agreeing to give it a corner in one of its outlets.

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Spelling tips

FRANCHISING III

Challenge to Britain's fish and chips

HICKEN, burgers, pizzas, ice-cream—your name it, and the franchise it all wrapped up in a catchy jingle.

There is an element of truth in that. It is not like the normal franchise operation in that the bulk of its revenue in the U.S. comes from rent, whereas others have concentrated far more on royalties, equipment and food sales.

Naturally enough, McDonald's still works along the three-stage base of first finding a selling proposition, then proving it works and then casing in on the franchise fee.

While McDonald's is happy to spread slowly from central London, partly because this means that it can contain its TV advertising to one station, it is likely that the major conurbations of Birmingham and Liverpool will be next on the list.

Recently a more open plan approach has been adopted, giving customers a wider view of the servery than merely a hairy arm through a hatch.

Food product will have made the existing manufacturers sit up and take notice and will have created aspirations about variety that are unlikely to disappear.

With interest rates down, salaries rising and even the Government looking to help small businessmen, a more affluent society may once again feel disposed to support an increasing number of service industries.

Stuart Alexander

IF YOU NEED HELP to establish or expand a franchise network to develop a total marketing policy to set up franchise control and contract systems RAYE ELLIOTT ASSOCIATES 185 Gt Tattenhams, Tattenham Corner, Epsom Downs, Surrey. Telephone 07373 59419

Domestic services a growing outlet

OF THE chief growth areas in franchising in Britain is to years several franchise operations in the domestic services sector.

Competition to Dyno-Rod is offered by Power-Rod, which started about three years ago and now has about 20 outlets, compared with Dyno's 60-odd.

Service-master is a wholly owned subsidiary of the U.S. corporation, Service-master Industries Inc. Turnover in 1975 topped £1m in the U.K., with four-fifths attributable to franchised outlets and the rest to company-owned outlets.

Britain first really got to grips with franchised fast food with the Wimpy Bar, which has enjoyed mixed fortunes and images but is still selling a lot of meals to a lot of customers.

At Wimpy International we have one of the largest catering organisations in the world. If you are thinking of setting up on your own, a Wimpy International franchise gives you not only an excellent return on capital, but also the assurance of a system proven over 20 years, experience through 1,500 restaurants, in 38 different countries.

David Freud

Does a new business have to be a calculated risk? A new business can be a risky thing. And starting a new business today there's not a lot you can afford to leave to chance. Things like finding the right premises, reliable suppliers, proper equipment and dependable staff can be enough to give anyone sleepless nights.

Motor trade parallels

FOR FOOD retailing, the motor trade has perhaps been the area most amenable to the actions of the franchisor.

move into this country. There are now more than 100 'Ziebart' centres in the U.K. The cost of acquiring the franchise is minimal—between £500 and £1,000.

repairs are uncomplicated, one-off specialised jobs which do not require the facilities of a comprehensive garaging service and are much better done by a narrow specialist outfit.

Texon Auto Painting Centres uses the slogan "any car, any make, any colour, for £39.50." The slogan is as deceptive as such slogans usually are.

John Lloyd

The Dyno-Rod formula for successful franchising. The more obstacles the better. DYNOROD Britain's Blockage Fighters. Head Office: 143 Maple Road, Surbiton, Surrey, KT6 4BL. Telephone: 01-549 9711.

AUTOMATION

Argus eye on Tube power supplies

DISTRIBUTION of power supplies on the London underground is to be supervised or controlled, for the first time, by a continuously operating automated array based on two Argus computers from Ferranti.

These machines will communicate over five displays and keyboards, later to be increased to a further 16 when required, and they will take signals from 64 circuit breakers, 192 alarms and plant states and 56 analogue values.

The central computer equipment will be set up at Leicester Square and the two machines will be in continuous communication so that if a defect is threatened in one, the power monitoring task can be transferred almost instantly to the other, which would drop its off-line jobs in the meantime.

One of the interesting aspects of the centre will be the use of a live mimic diagram, driven by the computer to show at all times the state of the network at a glance. All events will be recorded, including plant controls initiated by the operators.

Automatic switching facilities will initially be applied to restoring power after night maintenance work and both computers will be involved during this operation. Both must be in agreement before a switch-on can take place.

More from Ferranti on 061-437 5391.

Central Line

The initial site is on the Central Line, with outstations at Wood Lane, Notting Hill Gate, Bond Street, Holborn and Liverpool Street with monitor and control communicators to the power plant there.

TELEVISION

Tiny unit for studios

A DEVELOPMENT of the company's Microvision two-inch television set — a miniature video monitor for use in television studios and similar environments — has been announced by Sinclair Radionics.

This small, rugged lightweight unit will accept a standard international video signal; first models will operate on 625 lines 50 cycles but the company says it can adapt the unit to 525 lines 60 cycles.

Likely applications cited by

PACKAGING

Takes out the lumps

REMOVAL of unwanted solids from crude chemical liquids, and from waste slurries from factory and farm operations, can be achieved with a vibrating screen separator from Triton Engineering.

The separator is fitted with a stainless steel screen with a mesh size specific to the application. Vibration is provided by two standard Triton vibrator motors. At 1,500 rpm, each develops a maximum centrifugal force of 900 lb. The out-of-balance weights have graduated scales for centrifugal force settings.

In trials with a slurry containing a large amount of hair and husks, suspended solids varying from 20,000 to 40,000 mg/litre were reduced to around 10,000 mg/litre in the liquid. Throughput varied between 800 gal/hr producing one ton of dry matter in 8 1/2 hours, and 1,200 gal/hr producing one ton, dependent on the consistency of the slurry.

Details from Triton Engineering Co., Kingsnorth Industrial Estate, Wollon Road, Ashford, Kent (0233 35133).

ELECTRONICS

Circuits for all seasons

LIKELY trends in consumer electronic integrated circuits and the company's plans to meet market needs have been revealed by Mullard.

The present U.K. market is running at £12m (of which Mullard claims to have £4m) and is expected to rise to £30m by 1982. By then, the company expects to have significantly increased its share.

Digital circuits for television receivers will be dominant, covering remote control, Teletext, Viewdata, digital tuning and electronic games that will have tape-cartridge-based programs.

All the circuits have or are being developed by Mullard so that they can be easily progressively added to set makers' existing designs.

All are seen basically as a means of buying up a TV set market which will otherwise flag further over the coming years, not only because a replacement market will be reached but also because sets are becoming more reliable. For not too much more money the householder will be increasingly encouraged to rent or buy a new set simply because of the additional attractions it will offer.

Mullard already makes devices for an advanced remote controller for TV sets—using infra-red or ultrasound—which in conjunction with its Teletext decoder can produce on the screen part-page expansion (to full screen size), indication that a Teletext choice is being processed, without loss of picture, "boxed" parts of the display cut into normal program pictures and several other facilities including channel identification and digital time on the screen.

Under development for the Post Office's Viewdata service and planned to be in LSI (large scale integration) form by 1979 are line coupling, acquisition/control, decoder and remote control modules. The company will be making at least 1,000 of these units available in PCB module form for the market next year.

The company has also thrown some light on the probable costs. For example, its Teletext com-

IN BRIEF

General Instrument Micro-electronics has announced price reductions of up to 60 per cent. on certain of its electrically alterable read-only memories. For example, at the 100-piece level the 1K block erasable KR 1108 has been reduced from £12 to just under £5. In addition, improved versions of the EAROM are being introduced at somewhat higher prices than devices they replace. More on 01-936 2022.

Fast, static bipolar memories are offered by Fairchild Camera and Instrument (U.K.). Designed 55470, the devices are fully decoded 4096 bit read/write random access memories and have a 50 nanosecond access time. More on Potters Bar 51111.

ITT Components Group has an infra-red illuminator RITA for use in conjunction with night vision equipment. It can produce an infra-red illuminated area of less than a metre diameter at ranges of 100 metres and a useable spot at 1500-metres range. More on 0279 26811.

For powering up cathode ray tube display systems, Brantford and Health can provide the model 741 power supply which will give both main high voltage and supplementary focusing potentials. 01-689 0441.

RAPID precision leak testing of seal valves and similar components can be carried out using a monitor developed by Engineering Research and Applications of Dunstable, Beds.

The method of air pressure decay rate within the enclosure under test is used. The internal electronic control monitor first charges the enclosure with compressed air to the specified test pressure and then closes the input port. After a stabilising period, a number of readings are quickly taken. The pressure decay rate and the mean displayed as mm water gauge per second.

Class and fall lamps are provided at the level of pressure decay rate being set. A warning of thumbwheel switches. An external alarm can be fitted. Full scale indication can be set at either 99 or 9.9 mm WG/sec, and the accuracy is 1 per cent.

The instrument can be switched to indicate absolute pressure within the test circuit for quality control or laboratory applications it will give a continuously updated display of the rate, allowing adjustment to the test during the test. More on 0552 62601.

Lovent
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 01-9951313

INSTRUMENTS
Sees leaks quickly

RAPID precision leak testing of seal valves and similar components can be carried out using a monitor developed by Engineering Research and Applications of Dunstable, Beds.

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The instrument can be switched to indicate absolute pressure within the test circuit for quality control or laboratory applications it will give a continuously updated display of the rate, allowing adjustment to the test during the test. More on 0552 62601.

COMPONENTS
Low inertia servomotors

AIMED at applications such as machine tool feed drives, packaging systems, transfer, packaging machines, a set of four permanent magnet servomotors offered by ASR Servotronics of Congleton will give continuous output torques from one to six newton-metres.

able to attain speeds up to 3600 rpm and peak torque up to ten times nominal, the SM 4000 has been designed as a low inertia alternative to prime circuit types. Totally enclosed they have an integral shaft tachometer with low peak ripple, and thermal protection circuits.

Maintenance on site is facilitated by the use of ceramic permanent magnets allowing the armature to be removed without degaussing. In addition, degaussing allows speed control down to zero, with full continuous torque available at stall. The motors are available with metric or U.S. standard flanges.

More from Radnor Park Industrial Estate, Congleton, Cheshire CW12 4XD (02822 78111).

RETAILING

PoS at Lillywhite's

FIRST ORDER for the Plessey/Decap point-of-sale system has been placed by Lillywhite's. The equipment is for units at the store in Piccadilly Circus and other retail outlets, permitting stock-control data to be captured at the till.

A joint development of Plessey Data Systems, Poole, and Trans-action Data Systems, Davlish, the new equipment is the first to combine a portable data capture unit and an electronic cash register, which may also be used independently. A "fail-safe" battery fitted as a standard gives automatic switch over in the event of a power failure.

Each item at the Lillywhite's store has its own bar-coded label. If the product does not lend itself to having a label affixed, this is kept on a plastic board

convenient to the till. When the Plessey light-pen "reads" the label, the price appears in a display on both the customer's side and the shop assistant's side of the cash register. Using the custom-tailored keyboard, the shop assistant completes the sale. Customer-oriented data appears on the sales receipt, and the entire transaction is transferred simultaneously to the tape cassette, housed adjacent to the cash register.

At the end of each week, the cassette is removed and its information fed into a computer. Currently, more than 35,000 items are carried by Lillywhite's and are identified on the labels in terms of product, style, size, colour, price, etc. Early analysis of the tapes indicates that as many as 7,000 items may be eliminated, a Lillywhite spokesman has disclosed.

WELDING

Shield takes the fumes

FOR THE welder, a combined hand shield and extraction nozzle has been introduced by Stubbs. The natural position of the hand shield is used during welding automatically holds the nozzle close to the arc.

The unit incorporates a filter said to absorb 99 per cent of the particles in welding fume, and this allows the air to be recirculated saving heating costs.

Two sizes, weighing 14 and 20 kg, are available. Both are portable, and require a standard mains supply. A range of nozzles in different sizes is available for other applications.

More from Stubbs Welding, Widdowpool Causeway, Warrington, Cheshire, WA4 5QB (0925 50441).

TRANSPORT

Composite drive shaft

RESULTS FROM the extensive laboratory and application testing of several hundred reinforced resin drive shafts made by Bristol Composite Materials Engineering (BCME) have been so successful that a joint company has been set up with GKN.

Called GB Auto Composites, the company, in which GKN has a 70 per cent holding, has been established to exploit the technology worldwide.

BCME is using its experience in the manufacture of helically wound glass fibre reinforced components to develop a range of vehicle drive shafts. These shafts are made of resin reinforced with both carbon fibre and glass fibre. Fibre thickness and helix angle varies through several layers of windings to produce the required torsional strength and stiffness.

The shaft dimensions are comparable to standard steel drive shafts, but the increased stiffness that can be achieved enables the usual two-piece shaft to be made as a single unit. The centre bearing, universal joint and damper are all eliminated.

A number of advantages are claimed for the hybrid composite shafts. When the cost saving of eliminating the centre bearing, etc., is included, the cost is likely to be in the 2 litre of the shaft is comparable with and over class.

More from the maker at Avonmouth Road, Avonmouth, Bristol BS11 3DU (02782 4821).

Weight saving is substantial. A 125 inch long (single length instead of two pieces), transmitting a torsion load of 130,000 lbs/inches weighs under 3 lbs/foot instead of the 12 lbs/foot of a steel shaft for the same duty. A 10,000 lbs/inches weighs about 1 lb/foot.

Drive shafts for cars, vans and heavy trucks have been made and are currently under test by U.K. and foreign vehicle makers, most of which are not prepared to be named at this stage. Ford in the U.S. and U.K. have both had cars running with composite drive shafts, as has Vauxhall. Ford has also tried leaf springs made by BCME using carbon fibres made by the company's Evox subsidiary. The spring weight has been reduced from 56 to only 12 lbs.

Main interest among vehicle manufacturers is weight reduction to improve fuel consumption. BCME says that considerable interest has been shown by the U.K. car industry, and hopes that by 1981 there will be British vehicles with composite drive shafts on the road. They are likely to be in the 2 litre of the shaft is comparable with and over class.

More from the maker at Avonmouth Road, Avonmouth, Bristol BS11 3DU (02782 4821).

SOFTWARE

Cobol for a micro

SUITABLE for the transfer of Cobol commercial language facilities to many machines based on the Intel 8080 microprocessor is a version of the Cis Cobol compiler launched earlier this year by Micro Focus that the U.K. is about to release.

It will enable the 8080-based units to have Cobol as a resident language to handle accounting and stock control routines, etc.

Cis Cobol, has little machine-dependent software and the developers are looking to apply it to many other terminals and microprocessor-based units. Its first implementation was on an ICL 1500 intelligent terminal.

Typical end-users envisaged by the developers will be those with their own data processing departments and commercial processor who want to operate terminals at various remote locations, but develop their own systems quickly using existing staff and without the need for retraining.

More from Micro Focus at 18, Verden Yard, Portobello Road, London W11 2DX, 01-727 5814.

More from the maker at Avonmouth Road, Avonmouth, Bristol BS11 3DU (02782 4821).

Plough-back cuts profits

ALTHOUGH a close company, CAP-PPP group continues to rank as one of the U.K.'s leading computer services firms (with a minority interest recently taken by both the National Enterprise Board and Charterhouse Development Capital) and so must be something of a barometer for this area of the computer industry.

Thus, chairman Alex d'Agapeyeff's statement that in financial year 1976-77 pre-tax profits were £233,000 on a turnover of £8.5m (5.1 per cent) was to some extent a reflection of the changing market place for this, and no doubt several other, companies.

d'Agapeyeff now believes that the group is in the process of a much greater transformation than he envisaged last year, and much of it centres round the impact of the micro and distributed processing. In order to ensure a future role in serving DP departments and other traditional clients, CAP-PPP has had a major development in machine configurability, host-software, and truly portable languages—it continues to maintain a total independence of hardware setting.

This work states the chairman, has been largely self-financed, had a long and expensive gestation period and will not produce a substantial return for another 12 months. This, together with inflation has been the main pressure on profitability.

Main outcome has been the portable MicroCobol language, a program development facility which has its own operating system and a series of application packages constituting a complete production line for interactive "office" computing.

The distribution of the company's business in terms of revenue shifted significantly between 1976/76 and 1976/77: there was a marked increase in turnover from banking and finance while that from government and nationalised industries, commercial insurance and the computer makers all went down. Work in industry as a whole up.

The newer developments however, seem to be having the required effect because the first half figures for 1977-78 were £438,000 pre-tax profit to a turnover of just over £2m, nearly 10 per cent.

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Spiffing

The Management Page

EDITED BY CHRISTOPHER LORENZ

Nicholas Leslie describes how one company introduced a detailed marketing and forecasting procedure designed to cope with the peaks and troughs of a sharply fluctuating business

Quiet revolution on the carpet front



Arthur Whitehead, chief executive of Carpets International, seen at his Kidderminster factory.

WHILE public attention has darker shadow over the industry and swelled the pile of birth and other carpet manu- stock being dumped on the market.

The overall trading position was indicated in September when Carpets International announced half-year pre-tax profits of £570,000—just one-third the previous year's interim of £1.7m.

Carpets International comprises a group of companies which include the Kosset and Crossley names. It embraces the John Crossley and Carpet Manufacturing companies which merged in 1969 and it has subsidiaries in the U.S. and Canada, South Africa, Australia (where it is hoped that a run of losses will be halted by the year end), Switzerland and Germany, together with associates or subsidiaries in New Zealand and the Far East.

lost if there is no understanding throughout the company of what and how steps should be taken when things are not running according to plan.

The one exception to this lack of flexibility appears to have been the Romatex Holdings subsidiary in South Africa whose relatively advanced practices highlighted the deficiencies of budgeting systems elsewhere in the group. There, for the last few years profit forecasts have been revised each month. Assessments were then made of how each month's figures compared with the forecast and also with the original annual budget. Any appropriate action would then be taken and forecasts would be revised.

These procedures probably set off our thoughts," says Mr. Whitehead.

report direct to the managing director. Obvious though their division of responsibility may seem, such a clear definition is sadly lacking in many companies. The marketing director keeps an eye on marketing information and costs, on the volume, value and costs of sales, and on the levels of unfinished stocks. Raw material costs are the responsibility of the purchasing director, while production volume and costs are the province of the production director. The technical director monitors research and development costs and personnel costs and manning levels are the responsibility of the personal director.

Overall view

Co-ordinating administration and other costs and the cash flow situation on a group basis is the finance director's responsibility.

The predictions that emerge from each section are consolidated into projected group trading results to give an overall view of future profitability. This process enables short-term objectives to be set for each constituent part of the company—adjustable as and when conditions dictate—while at the same time forming a plan extending over 12 months or so which, in turn, may itself form part of an overall five-year corporate objective.

The system makes greater demands than does traditional budgeting on executives and other employees because a much wider range of information is required and at more frequent intervals. And because so much is non-financial data a key feature of the system is that the forecasting operation is carried out largely by non-financial executives.

Not only are they collating information, but they must also become adept at interpreting it. Each department enters comments and interpretations on the forms alongside statistical data and must then relate them to those of other departments. This should be of benefit, for example, when given a certain level of forward sales, assessments are made of what raw material stocks will be needed for a given rate of production and what manning levels will be necessary. Equally, the system should enable adjustments to be made as time goes by if either a different mix of product looks like being necessary or if a downturn in demand occurs.

It therefore goes without saying that cross-fertilisation of knowledge and information about such things as raw material prices, marketing conditions, money costs and other sectors between different sections and departments of the company is essential if the system is to work properly.

To date, Carpets International has introduced the system into six of its U.K. subsidiaries, linked to an IBM computer with its Northern companies and an ICL computer at its Kidderminster base. Pointing to the type of change that has resulted, Arthur Whitehead says that much more attention is now paid to purchasing than before: a purchasing director has been appointed for Northern companies. Raw materials prices are kept under constant review and, as an adjunct to the system, current cost accounting is being introduced to meet the need for valuing current stocks.

Mr. Whitehead is reluctant to give a practical example of any significant effect that introducing the system has made. However, he does quote one un-

Neatest

Until the recent changes, budgeting systems operated in each company, but not all on the same lines. In the U.K., Kosset "probably had the neatest budgeting system," says Arthur Whitehead, the group's chief executive, and it incorporated a prediction formula which proved to be adaptable to the new system. But, elsewhere, almost all of the budgeting techniques proved to be inadequate for the demands of present-day conditions.

Their significant weakness was their inflexibility. Prepared each August and September for the following year and using costings which paid far too little attention to the effects of inflation, budgets were drawn up in considerable detail. But, as the trading year proceeded, Arthur Whitehead explains, "you had a heck of a job changing anything, even if it meant manufacturing plant shut down over the past year or so inconsistent with everything companies have either laid employees or have snubbed completely to economic that can be inherent in any assurances. The collapse of Bond in July cast an even

These thoughts crystallised into recognition of the "need for a system that would constantly update a group plan and that would concentrate efforts on what was going to happen rather than on analysing the historical effects of something against budget," says Mr. Whitehead.

The company turned to its auditors, Binder Hamlyn, for advice and they, in turn, put the problem into the hands of their management consultancy subsidiary, Binder Hamlyn Fry. The upshot of this was the development of a detailed monitoring and forecasting procedure designed to embrace all key

Pushing the gifted in at the sharp end

A PLEA for schools and universities to give students an understanding of technology instead of concentrating on largely useless academic knowledge is made by Dr. Patrick Nuttgens, director of Leeds polytechnic, in a paper commissioned by the Society of Industrial Artists and Designers.

Dr. Nuttgens claims that the U.K.'s existing education system neither reflects nor serves contemporary society. And he attacks the Prime Minister's current "great debate" on education for its "conventionalism, its lack of ideas and its profound complacency." He says that what is needed in schools and higher education institutions is a fresh approach, based not on conventional, abstract learning but on an "understanding of things."

everyday. This is not a call for the prosaic. It needs a certain idealism. Skills must be recognised as something as estimable as book learning and much more exciting.

Dr. Nuttgens calls for an investigation into the actual process of designing things — of "thinking out and making" them. He says an investigation of this type could provide the key to educational progress because it might help to pinpoint the fundamental skills and abilities which people needed to learn.

The paper is scathing about academia and the effects that the universities have had on the rest of the education system — particularly on school exams.

"Withdrawal from everyday affairs is a constant temptation of the academic world, usually in the universities, and to-day probably in the polytechnics; everyday realities are so much less simple than the contemplation of eternal truths.

"In 1917 the government decreed that the universities would be responsible for conducting school leaving examinations... It followed from that simple decision that the ethos of the university should become fundamental to the whole of education and training.

"And what did the universities deal in? Not training for a job, not developing skills in designing and making, not encouraging action; they dealt in learning, grouped into subjects and disciplines and neatly compartmented according to the subject rather than the needs of people or society.

"The academic factory was in business: sufficient unto itself; research, including literary research about matters so uninteresting that no one was likely to want to do it again, became

Yet although Dr. Nuttgens is from the present curriculum—so acerbic in his assessment of the present education system, the paper, which was discussed at an SIAD seminar yesterday waxes lyrical about the need to teach young people how to invent, to wonder, to discover the fascination of nature and things and the fantastic possibilities in doing and making." But even as a basis for debate, it all sounds decidedly academic.

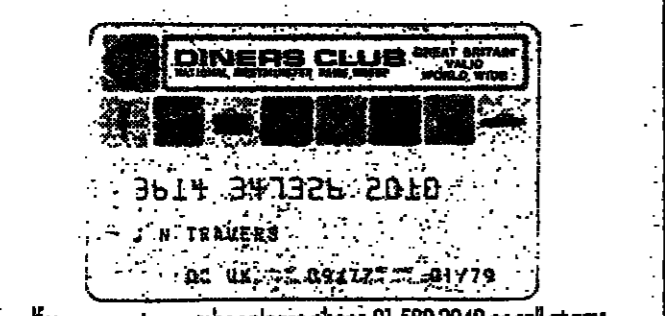
Dr. Nuttgens says that to-day the aim of the learned and conventional wisdom still teaches a poor second — not indeed what the professors children will go on to academic studies while the less gifted will turn their attention to the careers and the world of work — "presumably earning enough to keep the gifted in study." He adds that there is still no hint of the material just as it is poured in and out weighing down the library floor, gifted to enter work at the becoming sooner or later itself sharp end and not even a suspicion that there might be something to be said for learning to make things."

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Sue Cameron



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Tuesday December 6 1977

Coal chaos: hazard for U.S. energy policy

By STEWART FLEMING in Montcoal, W. Virginia



Past and present presidents of the UMW: John L. Lewis (left), who ruled with a rod of iron; and Arnold Miller, who faces a changed world.

Criteria for public pay

THE PROPOSAL by Mr. David Bassett, of the General and Municipal Workers' Union, that the TUC should form a committee to co-ordinate pay objectives in the public services is a realistic one.

The result over the years has been painful both for the politicians and for the trade unions. Public sector employees, whose employer cannot in general go bankrupt, are generally driven to aim their action at the maximum inconvenience for the public.

There are some severe difficulties about forming a general strategy too. The public sector contains a lot of very different groups. For workers in pure publicly financed services—administration, education and medicine, for example—some principle of comparability and recognition of skill and training is probably the appropriate basis for discussion.

Better outlook for prices

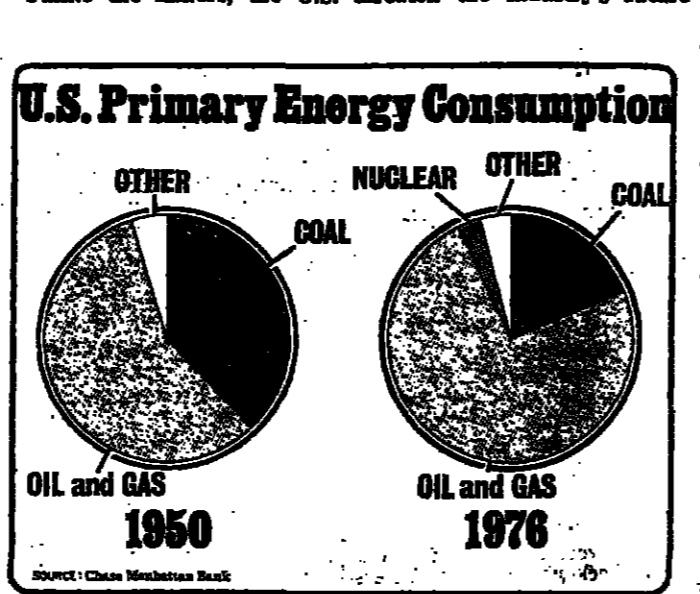
THE LATEST indices of wholesale prices must be highly satisfying to the Government for they offer further evidence of a decline in the rate of inflation at a time when Ministers are having to pull out every stop to encourage observance of their pay policy guidelines.

The most encouraging of yesterday's figures was the 1 per cent fall in November in the average prices of materials and fuel purchased by manufacturing industry. It is true that the higher average value of sterling last month accounted for virtually the whole of this decline.

Retail prices come at the end of the chain, but the impact of falling input prices and wage restraint during Phase Two of the Government's pay policy is clearly visible here, too.

JOHN L. LEWIS, the legendary leader of the United Mine Workers of America defied President Harry Truman in 1946 by calling a strike and the New York Times forecast on its front page that 25m. workers could be laid off as a result.

Although it is hard to believe looking at living conditions in down-trodden areas of Appalachia such as this, coal miners here are among the best paid industrial workers in the country. On strike they will lose income of up to \$1,600 a month; the union has no strike fund.



economy and the coal mining companies who are members of the industry's negotiating organisation, the Bituminous Coal Operators' Association, are well placed to weather a strike. Government analysts suggest that the railways apart a strike would have to go on for six months before it began having a serious impact on the economy.

MEN AND MATTERS

Backwoodsmen and others This afternoon in the Lords, the long campaign to save England's oysters comes to a climax. The 77-year-old Lord Cranbrook will introduce a motion that has stirred the hearts of conservationists, if he fails to marshal enough "backwoodsmen" to his side, it will be an offence from January 1 to kill, injure or capture an oyster anywhere in England or Wales.

His view — that oysters are merely in peril across the centre of England, but hold their own elsewhere — is certainly not shared by his opponents. They dismiss as well-meaning eccentricity his schemes for co-operating with the eight other hunts to treat certain stretches of river as sanctuaries.

At the far end of the conservationist spectrum is the League Against Cruel Sports, which has been running a series of newspaper advertisements claiming that the otter may become extinct throughout Britain. That is not the general view: Scotland, reckoned to have no shortage of otters, has been excluded from the order under the Wild Creatures and Wild Plants Act. According to Lord Cranbrook, "the weight

is not much better. At the same time, during the past seven years, productivity in the U.S. deep mines has slumped from 15.6 tons per man day in 1969 to nearer nine tons per man day. Although other factors, such as a build up in the Labour force accompanying expansion of output will have played a part in this trend, so will problems with labour relations.

The U.S. Government can scarcely look at the chaos in sections of the eastern coal fields with equanimity. President Carter's energy policy calls for an increase of coal production from 665m. tons last year to over 1.1bn. tons in 1985.

At the beginning of October in the wake of a ten-week long unofficial strike in the course of which gunfire was exchanged between strikers and men trying to get back to work at Cabin Creek 20 miles from here, the union and the employers tried to hammer out a new contract.

The divided, and in some eyes incompetent union leadership, was looking for a new wage agreement which would also restore the finances of health and retirement funds and for the reform of the grievance procedure through which disputes at the minehead are handled.

While management also wanted a reform of the grievance system, which some say has caused as many disputes as it has solved, the concept of a local right to strike—of making

local unofficial strikes official as management saw it — was anathema to the company negotiators. They initially proposed a system of financial penalties (also described as incentives) for miners who went on strike "illegally."

Moreover the trend in the U.S. since the second World War has been towards contracts which provide for settling local disputes through binding arbitration in the cases of most of the big industrial unions. It is a trend which has served industry well.

Union leaders at local as well as national level are now democratically elected and are more inclined to see their members' point of view. No less important the average age of the deep coal miner has declined over the past seven years from around 55 to nearer 40. In some districts it is close to 30. Thousands of these men grew

toric city centres as unique revolutionary achievements was clearly too much for Heffer.

Small change The Bonn Government is exerting pressure on German banks to stop financing terrorists. It believes that in the first ten months of this year, terrorists obtained more than DM5m. (£1.2m.) in the course of 40 bank robberies.

Euro-Heffer Eric Heffer, Tribune and leading advocate within the generally refractory Labour Party of a more open-minded approach to Euro-communism, looked thoroughly put out on arriving at the Foreign Press Club yesterday.

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Spiffing

SOCIETY TO-DAY

BY JOE ROGALY

The desperate plight of the homeless

AS BRITAIN moves towards a growing crude surplus of housing...

national level this means a sharp cut-back in the rate of building council houses...

Some hope

Never mind: there is some hope that next year's crop of local housing plans...



A scene from the famous BBC film Cathy Come Home...

do so partly because they fear record of local authority in housing...

I find it hard to agree—but they are insignificant when compared with the general thrust of what he has to say...

some families," or, "don't you understand, sites must be assembled while building plans are made."

Solution

The proffered solution seems too simple to be true: put the homeless in the empty houses...

Preserving Exmoor

From Mr. H. Gibbs Sir—John Cherrington reports "Limits on Exmoor farm changes urged" (November 30).

Is this an oversight?

From Mr. D. Brooks Sir—Is it an oversight by the Treasury that companies in the middle band of corporation tax...

Employees and pensions

From Sir Donald Sorrent. Chairman, Society of Pensions Consultants. Sir—I should like to reinforce the admirable advice given in Eric Short's article of November 30...

Exchange control

From Mr. D. Brodley Sir—Having just had an irate Ghanaian visitor on my back concerning an amount of £83 which he insisted he had sent to me from Accra...

Implications of Mondragon

From Mr. J. Argent. Sir—I found John Elliott's account of the Mondragon experience (December 2) most interesting...

Managers and their choice of unions

From the General Secretary, Shipbuilding and Allied Industries Management Association. Sir—I read with interest your November 24 leader on Managers and Unions...

Proliferating recognition

From the Secretary to the Council, British Aircraft Corporation Sector Staff Association. Sir—What Mr. Ken Gill conveniently forgets to mention in his letter (November 30)...

Letters to the Editor

Support for roads

From the Head of Communication Services, National Freight Corporation. Sir—Your item and Matters item "Who Cares?" (December 1) is quite wrong in suggesting that the National Freight Corporation...

Bookings from Blackfriars

From Mr. N. Sprinks. Sir—May I correct "Observer" writing in "Men and Matters" on December 1? Continental boat trains did indeed leave from the station now known as Blackfriars...

Managers and their choice of unions

From the General Secretary, Shipbuilding and Allied Industries Management Association. Sir—I read with interest your November 24 leader on Managers and Unions...

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GENERAL Mr. Denis Healey, Chancellor of the Exchequer, addresses special meeting of Parliamentary Labour Party on future pay policy. Public sector borrowing requirement and details of local authority borrowing (third quarter) published.

To-day's Events

Workers' Union, gives Richard Dumbleby Lecture on "The Human Face of Labour" at Library Hall of Clothworkers' Company, E.C.2.

NOTICE OF REDEMPTION OF BONDS

Grand Metropolitan, Limited Formerly Grand Metropolitan Hotels Limited. Redemption of US \$15,000,000 9 1/2% Bonds 1986. According to art. 4 of Paying Agency Agreement...

Overseas side holds back B. Elliott

INCLUDING a £258,000 post-acquisition contribution from Newall Group, for the half-year to September 30, 1977, taxable profits of B. Elliott and Co. show little change with a 257,000 advance to £2.02m.

The results reflect a good U.K. performance achieved in difficult trading conditions and disappointing results from overseas subsidiaries. Adjusted earnings per 25p share are given at 7.035p (7.44p) and the interim dividend is stepped up from 2p to 2.5p at a cost of £54,000 (£57,800). Last year's final payment was 2.73p from profits of £1.15m. This year's interim includes an additional 0.042p arising from the change in ACT.

Mr. Mark Russell, chairman, says the U.K. (excluding Newall) operations made profits of £1.51m, compared with £1.2m. Overseas companies, however, after currency adjustments, contributed only £143,000, compared with £719,000 in the first half and £143,000 in the second half of last year. Trading conditions in South Africa, Canada and Australia continue to be difficult and Mr. Russell does not expect any immediate improvement. The liquid position is strong and cent. to redemption, which compares with redemption figures of 12.39 per cent. from 11.58 per cent. from Cardiff 11 per cent. is the highest yielding. Investors would have to buy a premium to per value which reduces the appeal. The Kensington fixed coupon issue should meet with a reasonable response as the variable issue will probably be taken up by the financial institutions as usual.

ISSUE NEWS AND COMMENT

Kensington makes double offer

THE Royal Borough of Kensington and Chelsea is making a double issue of variable rate stock combined with a longer dated fixed interest offer. The Council is offering £12m. of variable rate stock 1982-84, payable in full on application, with a coupon fixed to three quarters of a point over the London Inter-bank offered rate (Libor). The stock is redeemable on December 9, 1982.

Also on offer is £7m. of 11 per cent. stock dated 1985-87 at a price of 98 1/2 per cent. This is payable as to £10 per cent on application by Thursday morning with further calls of £40 per cent. on February 6, 1978 and 54 1/2 per cent. on March 10, 1978. Brokers to the issues are Phillips and Drew.

BARRATT—94.7%

Barratt Developments announces that acceptances have been received in respect of 94.7 per cent. of the shares offered by way of rights. Shares taken up have been sold at a premium and the net proceeds (estimated at 22.2p each) will be remitted to entitled shareholders except that no amount for £1 than £1 will be paid.

EMAP—87.7%

East Midland Allied recent rights issue attracted acceptances as to 87.7 per cent. of shares on offer. The balance of 908,528 "A" Ordinary shares has been sold in the market and will be distributed pro-rata among entitled shareholders except that no payment will be made for £1 than £1.

DIVIDENDS ANNOUNCED

Company	Date of payment	Current payment	Corr. payment	Total
Aldous Bros.	1.25p	0.88p	—	3.59
Bamfords	1.02p	—	—	0.88
Bremner	1.02p	—	—	3.8
Carole Engineering	1.82p	—	—	2.9
Davenport's Brewery	1.57p	—	—	3.48
Dawson Intnl.	1.74p	—	—	3.33
B. Elliott	2.57p	—	—	4.78
Frederick W. Evans	0.53p	—	—	0.95*
W. E. Norton	1.76p	—	—	6.34
Mitchell Somers	1.57p	—	—	1.42
W. E. Norton	0.34p	—	—	0.61
Nottingham Brick	7.73p	—	—	11.55
Samuel Osborn	3.57p	—	—	3.2
Alfred Preece	0.38p	—	—	1.42
Samuelson Film	4.4p	—	—	7.4
Sogomana	1.5p	—	—	3.75
Vinten Group	1.5p	—	—	1.35*
Thos. Warrington	1.16p	—	—	3.18
WGI	2.2p	—	—	5.2
Whitecroft	2.23p	—	—	12

Upsurge to £1.26m. by Mitchell Somers

WITH GOOD performance by all units engineers and fitters, Mitchell Somers reports a jump in pre-tax profit from £882,000 to £1,260,000 for the half year to October 1, 1977. External sales were ahead by £39m. to £3,87m. In August the directors said the prospects for the group were encouraging.

A net interim dividend of 1.57p (0.53p) per 10p share, which is the maximum allowed for the full year to April 1, 1978, and absorbs £246,000, is to be paid. The directors also intend to pay a dividend of not less than 1.57p in September 1978. Last year's total of £1,211p was paid from profit of £2.1m.

Tax for the first half of £855,000 (£858,000) does not take account of tax loss at Wolverhampton Die Casting Group acquired in July. It is expected that the acquisition will involve the issue of some 900,000 shares of which 817,761 have already been allotted.

Midway rise at Carding

PRE-TAX PROFITS of Carding Group put on £101,000 to £243,000 in the half year to September 30, 1977 on turnover ahead of £37.2m. to £42m. Directors say motor division results were achieved by a most satisfactory turnover in the Austin/Morris range, although profit margins were necessarily reduced. Further supply problems were experienced in deliveries of Jaguar, Rover and Land Rover models.

The property divisions completed deals which produced acceptable profits and property investment continues to show a good return on capital employed. After tax of £178,000 (£128,000) net profit comes out at £165,000 (£116,000) and earnings per share are 2.71p (2.17p). Directors expect to pay the maximum permitted dividend for the year. On taxable profits of £43,000, 0.325p per 5p share was paid last year. Directors say that in the face of supply uncertainties, the profits of the motor division cannot be predicted accurately although the trend of the first six months has

COMPANY NEWS + COMMENT

Matthew Hall nine-month jump—sees £6m.

TAXABLE PROFIT of Matthew Hall jumped from £2.55m. to £3.25m. in the nine months to September 30, and a record of £6m. is expected for the full year against £4.12m. achieved last year.

Sir Rupert Speir, chairman, says the engineering companies maintained their increased momentum in obtaining further energy work on-shore and off-shore, especially in road building, oil and gas projects. The improvement over last year's excellent performance by the Dutch subsidiary was particularly encouraging.

The mechanical and electrical services companies maintained their previous performance, a more remarkable achievement Sir Rupert says since the building and construction industries generally have been suffering a severe recession. This situation was cushioned considerably by securing an increased proportion of work from the industrial sector. Orders to date have been most encouraging.

Because of growth of business in the mechanical services companies have moved from the Tottenham Court Road head office to Great Dover Street, and the engineering services division has moved into the vacant head office space Sir Rupert says. After tax of £2.21m. (£1.78m.) and minority interests of £57,000 (£50,000 credit) attributable profit emerges at £2.08m. against £1.33m. last time and £2.05m. for all of 1976. The interim dividend per 25p share is lifted from 1.57p to 1.78p, and following the revaluation in ACT an additional 0.0735p has been declared for 1978. A total of 0.3408p was paid last year.

Davenports reaches £1.45m.

AFTER marginally lower taxable earnings of £658,000, against £696,000, at midway, Davenports Brewery (Holdings) ended the year to September 30, 1977, up with a final of 1.9871p. The tax charge was £713,000 (£725,000) leaving a net balance of £736,000 (£663,000).

Westpool Inv.

FOR the six months to October 31, 1977 Westpool Investment Trust turned in profits up from £142,787 to £191,356, subject to tax of £107,668 against £47,100. Profit for the last full year was £352,547. The interim dividend, already announced is 1p net (same). Last year's total payment was 2.65p.

INDEX TO COMPANY HIGHLIGHTS

Company	Page	Col.	Company	Page	Col.
Bamfords	22	5	Mitchell Somers	20	5
Carole Eng.	20	4	Norton (W. E.)	22	4
Carding Group	20	5	Notts. Brick	20	3
Davenport's Bry.	20	2	Osborn (Samuel)	21	4
Dawson Intnl.	21	1	Peterson Zochonis	20	4
Ellott (B.)	20	7	Samuelson Film	21	3
Globe Inv. Fst.	20	3	Westpool Inv.	20	2
Hall (Matthew)	20	1	WGI	21	5
London & O'ceas	22	3	Whitecroft	20	4

Whitecroft off £0.4m. halfway

ALTHOUGH TURNOVER of Whitecroft went ahead from £23.5m. to £28.6m. by the end of the first half to September 30, 1977. Second half results are expected to substantially exceed those in the first six months but the company will not achieve the record £2m. profits of last year, Mr. John Tavaris, chairman, says. Investments in areas of business growth continue and the directors expect major contributions to be made by them next year, he says.

Merged Globe over £8m.

THE RECENTLY merged companies of Globe Investment Trust and Cable Trust report group taxable earnings of £2,44m. on gross revenue of £9,76m. for the six months to September 30, 1977. Net assets attributable to Globe members at mid-year totalled £235,68m. equivalent to 10.73p, or 9.75p fully diluted, per Ordinary 25p share. Calculated on the basis that the merger had taken place the comparative figures at March 31, 1977, would have been 12.125p and 11p respectively. Investments at middle market price or valuation amounted to £237,24m., including £12,11m. investment currency premium, at September 30. After tax of £3,42m. and minority profit of £289,000 the attributable earnings were £4,83m.

Under a Scheme of Arrangement and Amalgamation which became effective on September 15, 1977, Globe was merged with Cable and the assets and liabilities of Cable were acquired by Globe in consideration for an issue of shares and certain associated companies including Electra Investment Trust became subsidiaries of Globe. Globe paid an interim dividend of 2.9p per stock unit (amounting to £2,45m.) of which Cable received £501,361 on September 9 and, on the same date, Cable paid a special interim dividend of 3.94p on £100,000 of which Globe received £950,184. The directors of Globe, as stated in the scheme document, are confident that they will be in a position to pay a final dividend of at least 1.5p per unit on the increased ordinary share capital.

Nottingham Brick tops projection

DUE TO deliveries being greater than predicted, taxable profits of Nottingham Brick Co. topped its forecast made at the time of the July rights issue and turned in at £509,287, compared with £429,215. In July the directors said they were expecting around £465,000. Treasury consent has been obtained for a final dividend of 7.7p net, which lifts the total for 7.27p to 11.55p. Earnings per 50p share are given at 56.94p (37.6p). Turnover for the year was £1,78m. (£1,83m.). There was no interest against £16,057 last time and tax took £117,633 (£120,000). The retained balance advanced from £202,063 to £203,413. The directors state that with the current capital expenditure programme it is inappropriate for

Mid-year progress by Carole

GROWTH IN taxable profit from £381,000 to £425,000 is reported by Carole Engineering Group for the half-year to September 30, 1977. Turnover expanded to £4,39m. against £3,62m. Sir Robin Brook, the chairman, said in July that the directors had budgeted for full-time profits similar to the record £346,000 achieved in 1976/77. He now states that business has continued at a satisfactory level and although some group companies are still short of orders, overall the order book is considerably higher than for the same time last year. Stated earnings per 25p share were better at 5p (4.3p) and the net interim dividend is stepped up to 1.5188p (1.3211p) per 25p share including 0.0208p in respect of 1976/77 following the cut in tax rate. The directors expect to pay a final dividend of 1.488p, the maximum permitted total of 3.0068p (£2,682.4p).

Paterson Zochonis

The chairman of Paterson Zochonis and Co., J. B. Zochonis, said at the AGM in Manchester that the half-year results would be approximately the same as last year's £11.5m., despite the £1.5m. rise in the results which would reflect a 40 per cent. Nigerian holding as against the previous 60 per cent. Customs Australia Pty, a wholly-owned subsidiary of a wholly-owned subsidiary of Cedarair, has acquired the whole of the share capital of Preservens Pty, a soap manufacturing company resident in Australia. The cost of the acquisition and of the subscription for additional capital will amount to £1.25m., to be settled in cash. Statement Page 22

Winding-up orders

Orders for the compulsory winding up of 32 companies have been made in the High Court. They were: Mason Bryan, Carlin, Thomas Properties, Crest Vending, Greig and Grimes Contractors, Canvey Motor Company, Cedarair Investments Company, D. M. Drysdale (Insurance), Ninfeld Plastering Company, Swilly Construction Company, Bush Haulage (London), A.R.M. Times (Travel Company), Collmatt Motors, E. J. Mooney and Sons, Alpha Leisure International, Lowndes Construction, Lanchemco, Plutonada, M. N. Jensen Associates, Alan Howlett Automobiles, Mobile Crane Services, Peershire, Temporary Drivers Services, Hostellers of England, Tandax, Axel Investments, Glass Painters of Ferndale, J.M. Joinery, British House Trade, Alco Hardware, Hunyani Finance and Land Company, Langbourne Engineering Company, and Emlin Finance.

W.E. Norton (Holdings) Ltd

INTERIM RESULTS (UNAUDITED)
NET PROFIT UP 75%

	Half year to 30/9/77	Half year to 30/9/76	Full year to 31/3/77
Group profit before taxation	285,000	163,000	450,956
Interim Dividend (per share 0.34267p)	27,658	24,763	

Chairman anticipates that the company's objective of substantial annual growth in earnings will be achieved again this year.

For the Chairman's statement in full, please apply to: W. E. Norton (Holdings) Ltd., 50 Pall Mall, London, SW1Y 5JQ.

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INTERIM RESULTS

Racal half-year profits rise 68% to £19,398,000

ANNUAL PROFIT BEFORE TAX	
1974	£ 6,247,000
1975	£ 9,559,000
1976	£19,646,000
1977	£32,714,000
1978	IN EXCESS OF £45,000,000

The Directors of Racal Electronics Limited are pleased to announce that the unaudited pre-tax net profit for the half-year ended 30th September 1977 amounted to £19,398,000 (1976 £11,524,000).

In the absence of unforeseen circumstances, the profit before taxation for the year ending 31st March 1978 will be in excess of £45,000,000.



Eight Queen's Awards in Eight Years 1977

Racal Electronics Limited, Western Road, Bracknell, Berkshire, RG12 1RG, England

Dawson order book full after £5.7m. halfway

A HIGH level of demand for all group products and close control on spending enabled Dawson International to expand taxable earnings from £3.94m to £5.7m in the six months to September 30, 1977. With order books full to the end of the current year the directors forecast second half profit in excess of first half performance. For all 1976-77 profit was a record £10.57m.

The company, which has interests in the manufacture and marketing of knitwear and clothing and processing, spinning and dyeing, shows sales for the half-year ahead at £40.2m, against £33.7m.

The directors comment that in the case of cashmere despite continuing rising raw material prices demand exceeds supply. The group balance sheet continues to show high liquidity. This has been increased by £2.2m following disposal of a 50 per cent holding in Amicale Industries Inc. on December 2.

The net interim dividend is stepped up from 1.35p to 1.73p per 25p share and will be paid with an additional dividend of 0.035p in respect of 1976-77 following the reduction in A.C.T.

Statement, Page 22

BOARD MEETINGS

The following companies have published dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends proposed are increases or decreases and the sub-sections shown below are based mainly on last year's timetable.

TO-DAY
Insurance—Anderson Rubber, George Bassett, Birmingham Mkt. Brownlie, Carless, Capel and Leonard, Chapman (Edinburgh), Cassell, Kinnear & Co., Moss Bros., Shaw and Marvin, Standard Chartered Bank.

FUTURE DATES
Insurance—(S.F.) Dec. 14
Distillers Dec. 8
Globe Dec. 8
Cuba Dec. 14
Coca-Cola Dec. 14
Russett (Lancaster) Dec. 14
Selsa Dec. 14
Sears Roebuck Dec. 14
Sterns Industries Dec. 8
Trustee Corp Dec. 8
Woolwich Shipyard Dec. 14

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Samuel Osborn leaps by £1m.

AN ADVANCE in taxable earnings from £1.3m to £2.3m in the second half expanded full-year profit for Samuel Osborn from £2.35m to a record £3.4m for the year to September 30, 1977. Sales by the company, which makes special steels, engineers cutting tools and steel extrusions, were up at £37.97m, against £33.95m.

In May the directors said that they had increased exports profitably and they were confident that full year export sales would be considerably in excess of those for 1976-77.

The net final dividend is raised to 2.57p per 25p share taking the total to a maximum permitted 3.57p (3.3p).

An analysis of operating profit shows, with £800s omitted: engineering £1.488 (£1.587); steel £1.527 (£2.073); tools £1.040 (£942); and trading £295 (£446).

Earnings per 25p share are shown at 23.07p (13.82p) and a net final dividend of 4.4p makes a total of 7.4p (7.3p). The company has close status.

Discussions were reported to be in progress in December 1976, which might lead to the making of a cash offer on behalf of Samuel Osborn family interests for the Ordinary capital.

The directors now state that the determination of the family to seek a return of the company to private status, if the technical problems can be resolved, has not been abandoned.

Profit for the year included a credit of £88,502 (£13,084) on disposal of equipment. Tax took £343,676 (£164,032) leaving a net profit of £291,458 (£172,101).

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First half recovery at WGI

ON TURNOVER £132m. ahead at £12.97m. pre-tax profit of WGI recovered from £261,082 to £498,870 in the half year ended September 30, 1977.

Mr. F. P. S. Stammers, chairman, reports that all three divisions made good contributions and the largest change came in the civil engineering division, which suffered most in 1976 from the recession in the construction industry.

He says that although the Government's recent small stimulus for the construction industry is welcome, its size and speed of implementation will have little influence in the current trading period.

But providing no large scale disruption of British industry takes place, WGI expects to continue its progress and produce satisfactory results for the March year. Last year profit dropped from £1.1m to £0.7m.

Interim dividend is lifted from 1.5p net per 25p share to 2p to reduce disparity, and a 3.5p total (3.5p) is expected.

Wholesalers and retailers Alfred Preedy improved taxable profit for the half-year to September 24, 1977, by 43 per cent from £204,683 to £293,959 on sales nearly 20 per cent better at £25.37m, against £21.63m, excluding VAT.

The net interim dividend is increased, to reduce disparity, to 0.57p (0.418p) per 25p share that 50's own tools side has absorbed £36,225 (£26,308). Last year's final of 1.00p/65p was paid seen whether this performance

Profit for the year included a credit of £88,502 (£13,084) on disposal of equipment. Tax took £343,676 (£164,032) leaving a net profit of £291,458 (£172,101).

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80 operating units employing 9,000 people.

Matthew Hall

Interim Report for the nine months to 30th September 1977

The Group's results (unaudited) for the nine months ended 30th September 1977 are:	9 months to 30.9.77 £'000	9 months to 30.9.76 £'000	12 months to 31.12.76 £'000
Profit on trading			
Oil, Chemical and Industrial Engineering	3,675	742	1,115
Mechanical & Electrical Services	1,908	1,657	2,664
Total profit on trading	3,383	2,399	3,779
Share of loss of associated company	(86)	—	(59)
Interest receivable	1,055	548	897
Profit before taxation	4,352	2,947	4,620
Taxation	2,205	1,727	2,569
Profit after taxation	2,147	1,220	2,051
Outside shareholders' interests	67	(9)	23
Attributable to shareholders	2,076	1,229	2,028
Ordinary dividends	201	180	722

The Chairman, Sir Rupert Speir, comments:

The Group has again produced an excellent performance for the first nine months of the year with profit before tax of £4,352,000, as against a profit of £2,947,000 for the same period in 1976. The full 1977 year's profit before taxation will achieve the £5,000,000 target set for 1977.

The Engineering Services Division has maintained its position in obtaining further enquiries, especially in regard to gas turbine, oil and gas projects. It has also benefited from our Dutch subsidiary's improved upon last year's enquiries.

The Mechanical & Electrical Services Companies have maintained their previous performance, which has been an achievement since the building and construction industries generally have been suffering a severe recession. I am glad to say, however, that this situation has been considerably improved to a considerable extent by securing an increased proportion of our work from the industrial sector. Indeed, the level of orders received so far this year has been most encouraging with many interesting projects, both in the UK and Overseas in hand and in prospect.

As a result of the Group's continuing growth of business our Head Office at Tottenham Court Road is no longer large enough to house both our Engineering and our Mechanical Services Companies. Consequently, the latter has moved to new self-contained premises at Great Dover Street, near London Bridge, and our Engineering Company is rapidly moving into the vacated space.

I am also pleased to announce that the Directors have declared an interim dividend of 1.73p per ordinary share which, with the tax credit, is equivalent to 2.667p gross (1976 2.451p) in respect of the year ending 31st December, 1977. Because the rate of Advance Corporation Tax applicable to the 1976 final dividend was reduced after the dividend had been declared, the full amount of the permitted increase in 1976 dividend was not, in fact, paid. Accordingly, the Directors have declared a further amount of 0.0733p per share, excluding the tax credit, being the difference between the dividend actually declared in respect of the year ended 31st December, 1976 and the maximum permissible under the applicable dividend control. For the purpose of computing the maximum rate payable in respect of the current year, the additional gross equivalent of 0.0733p will therefore be added to the rate of dividends payable in respect of the year ending 31st December, 1976. Payment will be made by a single warrant on 31st January, 1978 to shareholders on the Register at 31st January, 1978.

Matthew Hall & Co., Limited, Matthew Hall House, Tottenham Court Road, London W1A 1BT.
INTERNATIONAL DESIGN AND ENGINEERING CONTRACTORS

SCHEME OF AMALGAMATION BETWEEN

Save & Prosper Ebor Financial Fund ("Ebor Financial"),
Save & Prosper Ebor Property Share, Building & Allied Trades Unit Trust ("Ebor Property")
and Save & Prosper Financial Securities Fund ("Financial Securities").

The Scheme of Amalgamation proposed to holders of Ebor Financial, Ebor Property and Financial Securities at meetings held on 27th October 1977, has been duly approved by the Holders in all three funds and has therefore been implemented in full with effect from 1st December 1977.

Holders in Ebor Financial have been allocated 0.588632 'A' units in Financial Securities for each Ebor Financial unit held at close of business on 30th November 1977.

Holders in Ebor Property have been allocated 0.755132 'B' units in Financial Securities for each Ebor Property unit held at close of business on 30th November 1977.

Dealings in units in Ebor Financial and Ebor Property ceased at the close of business on 28th November 1977 and subsequent dealings are now transacted in the units of Financial Securities. Unit certificates for 'A' and 'B'

units of Financial Securities will be forwarded to Holders of Ebor Financial and Ebor Property respectively on or before 30th November 1977. 'A' and 'B' units of Financial Securities may be sold prior to receipt of the new certificates of Financial Securities, payment being made only against delivery of the relevant certificates in Ebor Financial or Ebor Property respectively.

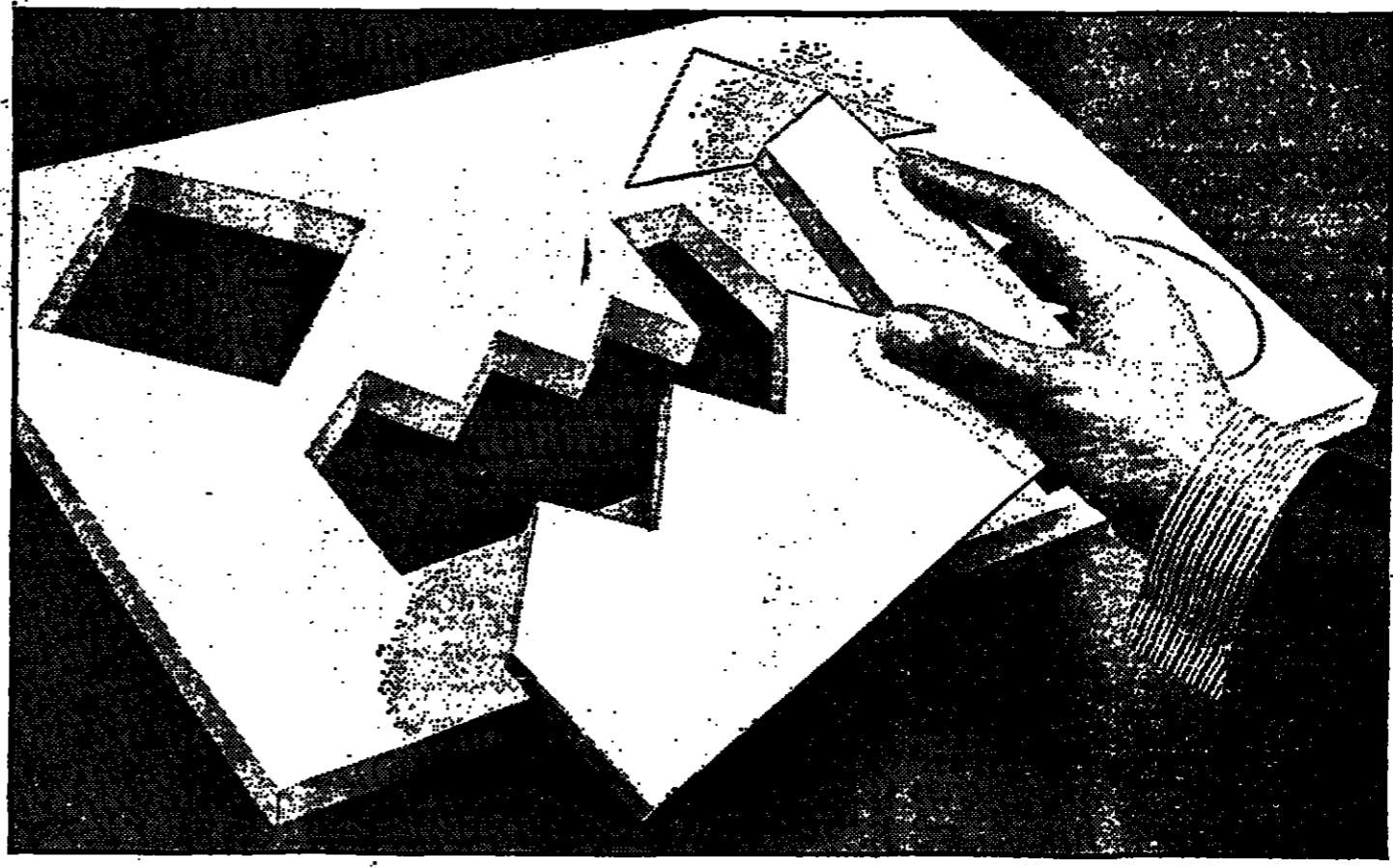
'A' and 'B' units of Financial Securities will at all times have the same quoted price as existing units of Financial Securities and differ only in the amount of the distribution to be made on 15th January 1978 to which they are entitled.

Further details may be obtained from the Managers:
Save & Prosper Securities Limited,
4 Great St. Helena,
London EC3R 3EP
Tel: 01-654 6889

SAVE & PROSPER GROUP



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MINING NEWS

Rustenburg still treads a rocky road

BY KENNETH MARSTON, MINING EDITOR

DESPITE THE decision last week to raise its selling price of platinum from \$102 to \$115 per ounce, the world's largest producer of the precious metal, South Africa's Rustenburg Platinum Mines, reckons that its improvement in its low level of profits "must depend on a much higher platinum price and better metal, particularly nickel." Little improvement in demand for platinum is seen in the current year to next August.

Canadian gold scene

THE higher gold price is breathing new life into Canada's near-dormant gold mining industry, a change which is reflected in the Toronto gold mining index which has risen this year from under \$50 to over 120.

Bamfords advance to £0.95m

AFTER INCREASING £126,000 to £18,000 at half year record pre-tax profits are of £950,000 against £783,440 are reported by agricultural machinery makers Bamfords for the 12 months to September 30, 1977.

Six month advance by W. E. Norton

A LEAP in taxable profit from £163,000 to £255,000 is shown by machine tool merchants, W. E. Norton (Holdings) for the half year to September 30, 1977, and Mr. W. E. Norton, the chairman, says he anticipates a substantial growth in earnings for the full year.

To-day's company meetings

Acorn Securities, Regis House, King William Street, E.C. 2, 2.30. City and International, 8, Waterloo Place, S.W., 13.15. EMI, Tower Hotel, E. 11.30. Goodwin (R.) (Engineers), Brassington, Derbyshire, 2.30. Pressac, Long Eaton, Nottingham, 3.

HAWTIN

Hawtin confirms that three years arrears of dividend to June 1977 on the 4.55 per cent cumulative Preference shares will be paid on January 3, 1978, to members on the register at December 12. Members will receive arrears of 13.65p per share and six months dividends to December 31, 1977, of 2.275p per share.

'Lofs' in £3.6m. turnround to £1.2m. loss

A TURNROUND of £3.6m. to a £1.2m. loss is reported by London and Overseas Freighters for the period ending 30 September 1977, half year. For all 1976-77 a £1.93m. pre-tax profit was reported and a £320,767 dividend paid.

The loss on trading of the group for the period jumped from £0.37m. to £1.93m. and the surplus on the sale of a vessel left the group with a £1.2m. loss. The "London Citizen" was sold on June 15, while last year four vessels were sold.

The group's two 138,680 dwt tankers "London Enterprise" and "London Glory" and the 50 per cent owned sister ship "Overseas Argonaut" traded throughout the half year but earnings were insufficient to cover operating expenses (including depreciation and interest).

But the shortfall was less than the costs which would have been incurred had the vessels been laid up until the trading climate improves while higher associate losses largely reflects increased losses from the group's share of the tanker Overseas Argonaut.

Profits from the sales of ships is lower this time and with little likelihood of any material improvement in shipping rates in the near future the group is likely to forego any dividend payment this year. Meanwhile LOF gives no indication of the extent of compensation it can expect.

The decision by the directors last year to expand considerably the trading stock of group companies to meet industry's likely requirements resulted in a 75 per cent increase in profitability during the first six months.

The recent strengthening of the pound will be helpful to the company's imports. Last year imported machine tools accounted for some 60 per cent of the new machine tools sold by the group. Machines now due for delivery against firm customers' orders and the quantity total order intake for machines from stock for future delivery, continue to rise, Mr. Norton says.

He adds that he is confident that the present economic climate in U.K. is favourable for further increasing sales of high producing machine tools, metal forming machinery and engineers' supplies.

The net interim dividend is increased to 0.34267p (0.30679p) per 5p share absorbing £27,658. The total for 1976/77 was 0.18188p.

First half external sales rose from £3.38m. to £4.6m. After tax of £10,000 (£7,000) net profit was up at £275,000 (£156,000). Statement, Page 20

Dawson International Limited

(Incorporated in Scotland) INTERIM REPORT for the half year to 30th September, 1977. An interim dividend for the year 1977/78 of 1.7395p per share (1976/77 - 1.25p) equivalent to 10.54% (1976/77 - 8.51%) inclusive of tax credit was declared today on the Ordinary and 'A' Ordinary Non-Voting Shares of the Company.

Table with 3 columns: Unaudited, Audited, 1977/78, 1976/77. Rows include SALES, Trading Profit, Interest, Group Profit, Share of Profit of Associated Company, Profit before Taxation and Taxation, Profit after Taxation but before Extraordinary Items, Extraordinary Items, Preference Dividend, Profit attributable to members of the Parent Company.

Chairman's Statement

Demand for all the Group's products has been maintained at a high level throughout the first six months of the current year. In the case of cashmere, despite continually rising raw material prices, demand exceeds supply.

This high level of demand and close control over levels of expenditure has enabled profits to move substantially ahead of those for the same period last year. The Group Balance Sheet continues to reflect a high degree of liquidity. This has been increased by £2.2 million following the disposal of our 50% holding in Amicale Industries Inc. on the 2nd of this month.

I referred in my annual statement of July to our inability to reward Shareholders with more than the minimal amount permitted. The Interim Dividend declared above includes the 10% increase allowable for the full year.

With order books full to the end of the fiscal year, profits for the second half should exceed those of the first half.

ALAN SMITH Chairman Kinross, 8th December, 1977

Logos for Pringle, Braemar, Guenag, Ballantine, barrie, J. & H. McGeorge.

The List of Applications will open at 10 a.m. on Thursday, 8th December, 1977 and will close at any time thereafter on the same day.

THE ROYAL BOROUGH OF KENSINGTON AND CHELSEA

ISSUE OF

£12,500,000 The Royal Borough of Kensington and Chelsea Variable Rate Redeemable Stock, 1982

Authorised by the Council of The Royal Borough of Kensington and Chelsea and issued in accordance with the provisions of the Local Government Act 1972, the Local Authority (Stocks and Bonds) Regulations 1974 and the Loans Fund (The Royal Borough of Kensington and Chelsea) Scheme 1974.

PRICE OF ISSUE £100 PER CENT.

Interest (less income tax) will be payable half yearly on 9th June and 9th December.

A first payment of £1,250,000 (less income tax) per £100 Stock will be made on 9th June, 1978.

The Stock is not an investment falling within Part II of the First Schedule to the Trustee Investments Act 1961.

National Westminster Bank Limited, New Issues Department, P.O. Box 79, Drapers Gardens, 12 Throgmorton Avenue, London EC2P 2BD, is authorised by the Council of The Royal Borough of Kensington and Chelsea to receive applications for the above amount of Stock.

1. SECURITY.—The Stock and the interest thereon will be secured on all the premises of the Council and will rank pari passu with the existing and future debt of the Council.

2. PROVISION FOR REPAYMENT OF LOANS.—The Council is required by Parliament and by the Loans Fund to the Royal Borough of Kensington and Chelsea Scheme 1974 to make appropriate provision towards redemption of loans raised for capital expenditure and to make such provision in connection therewith as may be required by the Secretary of State for the Environment.

3. PURPOSES OF ISSUE.—The net proceeds of the present issue of Stock will be applied to replace money temporarily borrowed, to finance authorised capital expenditure to replace maturing debt and to finance further development of the Council's property.

4. REDEMPTION OF STOCK.—The Stock will be redeemed at par on 9th June 1982, previously cancelled by purchase in the open market or by agreement with the holders.

5. REGISTRATION.—The Stock will be registered and transferable free of charge in multiples of one pound, by instrument in writing in accordance with the Stock Transfer Act 1963. The register of the Stock will be kept at National Westminster Bank Limited, New Issues Department, P.O. Box 79, Drapers Gardens, 12 Throgmorton Avenue, London EC2P 2BD. In respect of transfers lodged by hand before noon, Stock Certificates (in the names of the transferees) will be available for collection by 2 p.m. on the same day. Certificates in respect of transfers lodged by post will be sent by ordinary post in respect of the Stockholder(s) to the first named registered holder at his/her registered address unless instructions to the contrary are given in writing.

6. INTEREST.—Interest (less income tax) will be payable half yearly on 9th June and 9th December by warrant (available for Town Clearing in the City of London), which will be sent by post at the Stockholder's risk. The first payment of interest will be made on 9th June 1978 at the rate of 4 per cent (less income tax) on the amount of £12,500,000 (plus any interest accrued on the amount of £12,500,000) at the rate of 4 per cent (less income tax) per annum (rounded upwards to the nearest 0.0001 per cent.) of the rates per annum at which National Westminster Bank Limited was advised by Barclays Bank Limited and Lloyds Association of Banking Correspondents (the Reference Banks) that sterling deposits in a marketable amount would be offered to them for a period of six months in the London inter-bank market at or about 10 a.m. on the business day immediately preceding the date of issue of the Stock. The rate of interest payable on the immediately preceding half year will be the rate per annum determined by National Westminster Bank Limited in the Reference Banks (7) that sterling deposits in a marketable amount would be offered to them for a period of six months in the London inter-bank market at or about 10 a.m. on the business day immediately preceding the date of issue of the Stock. The rate of interest payable on the immediately preceding half year will be the rate per annum determined by National Westminster Bank Limited in the Reference Banks (7) that sterling deposits in a marketable amount would be offered to them for a period of six months in the London inter-bank market at or about 10 a.m. on the business day immediately preceding the date of issue of the Stock. The rate of interest payable on the immediately preceding half year will be the rate per annum determined by National Westminster Bank Limited in the Reference Banks (7) that sterling deposits in a marketable amount would be offered to them for a period of six months in the London inter-bank market at or about 10 a.m. on the business day immediately preceding the date of issue of the Stock.

7. APPLICATION AND GENERAL ARRANGEMENTS.—Applications on the part of the public for the issue of the Stock will be received by National Westminster Bank Limited, New Issues Department, P.O. Box 79, Drapers Gardens, 12 Throgmorton Avenue, London EC2P 2BD before the closing of the List of applications on Thursday, 8th December, 1977, and must be for a minimum of £100 Stock or for multiples thereof up to £1,000 Stock.

8. LARGER APPLICATIONS.—Larger applications must be made in accordance with the following scale:— Applications above £1,000 Stock and not exceeding £5,000 Stock in multiples of £500. Applications above £5,000 Stock and not exceeding £20,000 Stock in multiples of £1,000. Applications above £20,000 Stock in multiples of £5,000.

A separate cheque drawn on a Bank in and payable in the United Kingdom representing the amount in full at the issue price must accompany each application form. Payment of £200 or more should be by a cheque drawn on a Town Clearing branch of a Bank in the City of London. No application will be considered unless these conditions are fulfilled.

The Council reserves the right to instruct National Westminster Bank Limited (1) to present all cheques for payment and to retain the definitive Stock Certificates and surplus application moneys pending clearance of the applicants' cheques and (2) to reject any application or to accept any application in part only. If any application is not accepted the amount paid on application will be returned by post at the applicant's risk and if any application is accepted for a smaller amount of stock than that applied for, the balance of the amount paid on application will be returned likewise. All moneys will be returned to Town Clearing cheques except that the Council reserves the right to instruct National Westminster Bank Limited to return surplus application moneys by means of a cheque drawn on a country branch of National Westminster Bank Limited to any applicant whose application was not supported by a Banker's draft or by a cheque drawn on a Town Clearing branch of a Bank in the City of London.

9. STATISTICS.—Returns to the Royal Borough of Kensington and Chelsea, Population (as estimated by the General Register Office) 1976: 141,520. Rateable value—1st April, 1977: £68,146,150. Product of a rate of 1p in the £—1977/78 (estimated): £635,000. Domestic rateable value—1st April, 1977: £68,146,150. Net loan debt—31st March, 1977: £120,315,591.

10. PROSPECTUS.—Prospectuses and application forms may be obtained from: NATIONAL WESTMINSTER BANK LIMITED, New Issues Department, P.O. Box 79, Drapers Gardens, 12 Throgmorton Avenue, London EC2P 2BD or any of the principal branches of this Bank.

PHILLIPS & DREW, 15th Floor, Leas House, London EC3Y 5AP. THE DIRECTOR OF FINANCE, The Royal Borough of Kensington and Chelsea, Town Hall, Horsean Street, London W8JNX. The officers of THE STOCK EXCHANGE.

By Order of the Council, R. L. STILLWELL, Town Clerk and Chief Executive.

Director of Finance and Deputy Chief Executive.

By Order of the Council, R. L. STILLWELL, Town Clerk and Chief Executive.

Director of Finance and Deputy Chief Executive.

Paterson Zochonis

'Very satisfactory progress'

Growing spread of interests, both industrial and geographical, highlights the strength of the Group.

Key points from the accounts and statement by the Chairman, Mr. John Zochonis:

Earnings: Earnings per share increased for the ninth successive year, making a twenty fold increase over ten years. Attributable profits up from £7.1m to £8.6m.

Dividend: Dividend more than doubled - still covered more than seven times.

Results: Although affected by the exclusion from 1977 results of turnover and profits from the former Nigerian subsidiaries (now 40% owned associate companies), Group turnover and operating profits show only a marginal reduction and on a comparable basis turnover increased from £163m to £204m and operating profit from £18.6m to £25.4m.

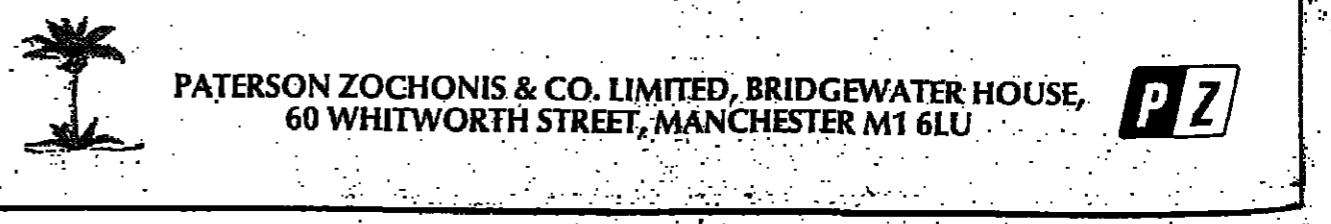
West Africa: Group interest in our two Nigerian subsidiary companies was reduced from 60% to 40% by a successful public issue. Commercial and industrial operations in West Africa show continued progress.

United Kingdom: Over £3m has been spent on re-equipment at Cussons and Odex Racasan which, although causing some short-term disruption, will lead to higher earnings in the future.

Greece: Our newly acquired companies engaged in processing edible oils, fats and soap manufacture are undergoing re-equipment and re-organisation and we believe the investment will prove of great benefit.

Prospects: "It is too early to give any firm forecast of profits but returns so far received indicate a satisfactory improvement in turnover but due to more competitive trading conditions margins have been somewhat under pressure, making the results so far roughly comparable with those for the same period last year."

PATERSON ZOCHONIS & CO. LIMITED, BRIDGEWATER HOUSE, 60 WHITWORTH STREET, MANCHESTER M1 6LU



BIDS AND DEALS

McLeod Russell values Malayalam at £6¼m.

BY JAMES BARTHOLOMEW

The bid by McLeod Russell yesterday puts a price of 23p in Malayalam Plantations, making it the biggest outstanding offer in the tea sector.

For over four months, since it purchased a 29.9 per cent stake, McLeod Russell has been in discussion with the board of Malayalam and Harrison and Crosfield. The latter, which owns 48.5 per cent of Malayalam and its nominees account for the whole of the board of directors.

All sides are said to have been in agreement initially that McLeod Russell had something to contribute to Malayalam. McLeod Russell has been one of the quickest of the mark in putting through "industrialisation" schemes. It has established some expertise in this field.

But the sticking point has been the price. The Board of Malayalam has already said that it considers the bid of 23p per share for the equity not already owned by McLeod Russell as "adequate".

McLeod Russell bought its stake in 19.4 p per share. It consists of 19.4 per cent of the equity owned outright and an option to buy another 10.6 per cent. The shares were mostly bought from institutional holders and a few of these are thought to be held by private investors.

It is for this reason that McLeod Russell is not particularly hopeful about its chances of success. Private shareholders often follow the advice of their Board and they may be further influenced by the fact that the share price has been hovering not far below this level since the summer. But public Grossart, McLeod Russell's financial advisers, consider the offer more than fair and although higher offer is not impossible, it is said to be extremely unlikely without some unexpected development.

McLeod Russell reckons the book net assets of Malayalam, taking investments at market value and allowing for Capital Gains Tax liability at 19.9p per share. But the adviser, which Harrison and Crosfield are likely to "industrialise" terms for the Indian subsidiary, estimates the total value of Malayalam at just under 25p per share (including discounts being discounted at 15 per cent).

One factor which may be affecting the calculations of both sides is the summer. Harrison and Crosfield receives from Malayalam. The McLeod Russell side says that this was revealed to a £1m. per annum in the course of their discussions. This payment, previously known to the older Harrison and Crosfield with an extra incentive to reject the offer.

Another part of Harrison and Crosfield's thinking is likely to be the £1.6m. of profits made in India in 1976-77 which were not returnable to the shareholders. On the stock market, the shares of Malayalam closed at 24p. A member of the exchange close to the market in the shares commented that this return over the offer price did not necessarily indicate expectations of a higher bid.

RIGHTWISE/DEUNDE Rightwise has purchased 100,000 shares of Deunde in a takeover bid. The offer will now be the highest ever 50 per cent of the bid price and according to the bid terms will now be the highest.

WATERFORD GROUPS The Waterford Group has nationalised its 25 per cent stake in Waterford Crystal in the UK. The group has merged its UK less interests with J. Widdart and Company, its sole agents in the UK. Waterford will take a 10 per cent interest in the new company which will be called Waterford-Widdart. The new company will have an enlarged capital

Higher bid from Thomson for Wadsworth

Thomson Equitable Corporation of Toronto, which owns a controlling interest in the Thomson Publishing Group, has won the battle to buy Wadsworth Publishing. Its offer of \$1.50 per share in cash has been accepted by the Erlinger family, founders of Wadsworth, who control 35 per cent of the equity.

The surprise move has ruled out an earlier bid from another British publishing group, Pearson Longmans Pl., which publishes Penguin Books, Longmans and the Financial Times, offered to buy Wadsworth in mid-November. The price said to have been agreed with Wadsworth's directors, was for \$25 per share which valued the company at \$31m.

Yesterday Pearson Longman officially withdrew from the bidding. A spokesman admitted that PL was disappointed at the outcome - Wadsworth was to have formed the spearhead for a major expansion in the U.S. - but said that further U.S. acquisitions would be sought. PL already have three U.S. companies but these are relatively small.

Thomson Equitable, which represents the family trusts of Lord Thomson, is understood to be planning a bid for the balance of the shares in Wadsworth following the purchase of the Erlinger family stake.

TESCO TO EXPAND OVERSEAS The Tesco supermarket chain yesterday reaffirmed its commitment to expanding overseas. Mr. Lesley Porter, the company's managing director, said that the company is looking for opportunities to expand to other parts of the world. He said that the company is currently in discussions with the Indian subsidiary, TESCO India, to expand its operations in that country. He also mentioned that the company is looking for opportunities in other parts of the world, including the United States and Canada.

KINGSMEAD HOTELS Kingsmead Hotels, the Berkshire-based subsidiary of Management Agency and Music, has acquired the Kingsmead Hotel at Reading. The hotel, which was previously owned by the Kingsmead Hotel Group, has been purchased for £1.5 million. The acquisition is part of the company's strategy to expand its hotel portfolio in the UK.

ASSOCIATE DEALS Baring Bros. has bought 60,000 shares of Electrobank at 105p for discount investment clients. The deal was part of a larger transaction involving the company's expansion into new markets. Baring Bros. is a well-known financial institution with a long history of providing investment services to clients.

Wade & Co. has bought 100,000 shares of St. Regis International at 10p per share. The acquisition is part of the company's strategy to expand its investment portfolio. Wade & Co. is a prominent financial services firm with a focus on providing high-quality investment advice to its clients.

Denham Holdings at 130p. The company has announced a new initiative to improve its financial performance. The initiative involves a series of cost-cutting measures and operational improvements. The company's management is confident that these measures will lead to a significant increase in profitability over the next few years.

Rowe and Pitman, Hurst-Brown has bought for St. Regis International 100,000 shares at 10p per share. The acquisition is part of the company's strategy to expand its investment portfolio. Rowe and Pitman, Hurst-Brown is a well-known financial services firm with a focus on providing high-quality investment advice to its clients.

Unochrome International: Bernard Owens and Partners, a company controlled by Mr. B. Owens has acquired 60,000 shares bringing total interest of Mr. Owens and his family to 70,000 shares. The acquisition is part of the company's strategy to expand its investment portfolio. Unochrome International is a well-known financial services firm with a focus on providing high-quality investment advice to its clients.

House of Fraser: Mr. R. Midgley, a director, has sold 20,000 Ordinary shares. The sale is part of the company's strategy to improve its financial performance. The company's management is confident that this sale will lead to a significant increase in profitability over the next few years.

British Electric Traction Co.: Mr. R. M. Denny, a director of Rediffusion, has acquired 13,000 deferred Ordinary shares by exercise of an option under the BET shares option scheme. He still has an option to a further £2.10 of the same shares. The acquisition is part of the company's strategy to expand its investment portfolio.

Wilson Walton Engineering: Between November 29 and December 2, Wilson Walton International (Holdings) has sold 100,000 Ordinary shares. Its holding is thus reduced to 1,532,000 shares (30.65 per cent.). The sale is part of the company's strategy to improve its financial performance.

Unicorn in talks with Atlas Copco

Unicorn Industries, the abrasives and grinding wheel manufacturers, and Atlas Copco of Sweden are having discussions with a view to Unicorn acquiring Atlas Copco's 50 per cent interest in the Craelius Group. The Craelius Group also cover a future option for Unicorn to acquire the remaining 50 per cent in Craelius.

The Craelius Group, with a turnover of about 20m, has factories in Sweden, the U.K., Germany and France specialising in mining and prospecting equipment using diamond drilling technology and is one of the world leaders in this field. The use by the Craelius Group of diamond drilling technology provides a natural extension of the interests of all parties in the diamond products division of Unicorn.

PITNEY BOWES SELLS LOSS-MAKER Pitney Bowes has agreed with Pitney Bowes Marketing Systems of the U.S. for the sale to it of the price book values of the assets and stocks. The business to be sold has been trading at a loss since its establishment in 1972 and it is estimated that the price at least this year will amount to £250,000. In addition the business has no direct connection with the traditional activities of Pitney Bowes.

HESTAIR Hestair has formed a new operating and holding company for its agricultural engineering interests. The company will be known as Hestair Engineering. This move follows the company's acquisition of Root Harvesters, Wheatley Tractors and P. B. Bettinson. Together with Hestair Stannish and its subsidiary, E. A. Webb and Sons, this new grouping constitutes one of the largest British-owned agricultural engineering companies. It is the intention of Hestair

Johnson Group Cleaners: London and Manchester Assurance acquired a further 72,000 shares, bringing the total to 81,500 shares. The acquisition is part of the company's strategy to expand its investment portfolio. Johnson Group Cleaners is a well-known financial services firm with a focus on providing high-quality investment advice to its clients.

Hume Holdings: Rothschild Investment Trust has increased its holding in Hume Holdings to 100,000 shares (27.02 per cent.). The acquisition is part of the company's strategy to expand its investment portfolio. Rothschild Investment Trust is a well-known financial services firm with a focus on providing high-quality investment advice to its clients.

Automotive Products: Camway Investments has sold to the Emmenton Foundation 450 Ordinary shares. Mr. G. G. Barratt, a director of Camway, is also a director of AP and the Emmenton Foundation. Mr. J. B. Emmott and Mr. M. Noble, both directors of AP, are also directors of the Emmenton Foundation.

Young Companies Investment Trust: Scott's Amicable Life Assurance Society, together with the subsidiary Scottish Amicable Pensions Investments, now hold 1,000,000 Ordinary shares (55.37 per cent.). The acquisition is part of the company's strategy to expand its investment portfolio.

Edinburgh and Dundee Investment: British Rail Pension Funds has acquired 100,000 Ordinary shares at 155p. The acquisition is part of the company's strategy to expand its investment portfolio. British Rail Pension Funds is a well-known financial services firm with a focus on providing high-quality investment advice to its clients.

Edinburgh and Dundee Investment: British Rail Pension Funds has acquired 100,000 Ordinary shares at 155p. The acquisition is part of the company's strategy to expand its investment portfolio. British Rail Pension Funds is a well-known financial services firm with a focus on providing high-quality investment advice to its clients.

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Objections to Vavasseur proposals

Objections were made to the reorganisation proposals for J. H. Vavasseur Group at meetings of shareholders held yesterday. A proposal to adjourn the meetings was carried on a show of hands although the proposal was then heavily defeated in a poll. The objections came from holders of the company's First Preference shares who complained that they were not getting their fair share of the cake. Recognition that they would be overwhelmingly outvoted on a poll, they abstained from a show of hands on this resolution.

Mr. Clive Hollick, managing director of Vavasseur, revealed that the proxy votes amounted to 4,600, "for" and 365,000 "against". Replying to the comments of the critics of the scheme, Mr. Hollick said last night that it had only been arrived at after prolonged and thorough consideration of the interests of all parties. Prudential Assurance and Britannia Arrow had been major holders of the First Preference shares and had agreed to other stockholders had also shown that scheme. Meanwhile the smaller shareholders accepted it since, even if the Prudential and Britannia Arrow had abstained, the scheme would still have got through.

With all the resolutions having been passed, the reorganisation and change of name to "Mills and Allen International" have become effective. The Stock Exchange has admitted the new shares and dealings will start tomorrow. The offer for Mills and Allen International has been accepted by 76 per cent. of the shares and the Vavasseur directors therefore now controls 85.4 per cent. of the equity.

NEW COMPANY FOR BARLOWS Barlows announces the formation of Barlows and Loyds to carry on the textile-making and textile-packing operations of Barlows and Loyds Packing Warehouses. The new company will be known as Barlows and Loyds. The directors of Barlows are of the opinion that the operations of the new company will increase the profitability of this section of Barlows' activities in due course.

SHARE STAKES Johnson Group Cleaners: London and Manchester Assurance acquired a further 72,000 shares, bringing the total to 81,500 shares. The acquisition is part of the company's strategy to expand its investment portfolio. Johnson Group Cleaners is a well-known financial services firm with a focus on providing high-quality investment advice to its clients.

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THE ROYAL BOROUGH OF KENSINGTON AND CHELSEA. ISSUE OF £7,500,000 The Royal Borough of Kensington and Chelsea 11 1/2 per cent. Redeemable Stock, 1985-87. PRICE OF ISSUE £98 1/2 PER CENT.

THE ROYAL BOROUGH OF KENSINGTON AND CHELSEA. APPLICATION FORM for THE ROYAL BOROUGH OF KENSINGTON AND CHELSEA. £11 1/2 per cent. Redeemable Stock, 1985-87. Issue of £7,500,000 Stock at £98 1/2 per cent.

MONEY MARKET. Extremely large help. Bank of England Minimum Lending Rate 7 per cent. (since November 23, 1977). Day-to-day credit was in very short supply in the London money market yesterday and the authorities alleviated the shortage by using an extremely large amount of Treasury bills all direct. Bank rates appeared flat from over the week-end while discount rates were said to face a very substantial net take up of Treasury bills and a sizeable increase in the note circulation. On the other hand there was a fairly large excess of Government disbursements over revenue transfers to the Exchequer. Discount houses paid around 5 1/2 per cent for secured call loans at the start and rates closed at 3 1/2 per cent, underlining the fact that official intervention was a little overdue. In the interbank market overnight loans opened at 5 1/2 per cent and eased during the day to 5 1/4 per cent. After a brief lift to 5 1/4 per cent in the early afternoon, closing balances could be taken down to 2 1/2 per cent. Fixed term interest rates showed little movement although there was a firmer tendency in the longer periods. Rates in the table below are nominal in some cases.

BLACK DIAMONDS PENSIONS LIMITED. Offer for the Ordinary Shares of THE BRITISH INVESTMENT TRUST LIMITED. The Offer closes at 3-p.m. on Monday, 12th December, 1977. SEE PAGE 30.

INTERNATIONAL FINANCIAL AND COMPANY NEWS

NORDIC COMPANIES

Electrolux strikes again

BY WILLIAM DULLFORCE STOCKHOLM, Dec. 5. ELECTROLUX, the aggressively expanding Swedish household equipment group, has struck again. Less than two weeks after making a Kr.100m. (£11.4m.) bid for its smaller domestic rival Husqvarna, it announced today that through its subsidiary, Electrolux AG in Zurich, it is making an agreed Sw.Frs.18.6m. (\$4.25m.) purchase of 84 per cent of the stock in the Swiss company, Therna AG.

Completion figures boost for Ahlstrom

BY LANCE KEYWORTH HELSINKI, Dec. 5. AHLSTROM OY reports an overall satisfactory result for the fiscal year ending June 30, 1977, but losses in some divisions, notably the chemical and forest industries. The parent company's turnover increased by 22.6 per cent to Fmk.1,742m. (roughly £332m. at the current exchange rate), while the consolidated turnover rose from Fmk.1,482m. to 2,112m.

London Multinational renamed

BY MICHAEL BLANDEN CHEMICAL BANK OF New York is to rename London Multinational Bank as Chemical Bank International after it acquires full control. Chemical announced yesterday that it had received approval from the U.S. Federal Reserve Board to increase its interest in London Multinational from 30 to 100 per cent.

AMERICAN NEWS

U.S. Steel to seek rise

BY OUR OWN CORRESPONDENT NEW YORK, Dec. 5. U.S. STEEL, the country's biggest steel-maker, will be looking for another price increase for its basic products in the near future, Mr. David M. Roderick, the company's president, told share analysts here today. Mr. Roderick's remarks come at a time when the steel industry is awaiting the publication of a U.S. Government report dealing with methods of protecting the industry from foreign imports. It is expected that the Carter administration will propose a minimum selling price for key import products as one element of its proposals.

New move in Babcock battle

BY JOHN WYLES NEGOTIATIONS AIMED at concluding the take-over of Babcock and Wilcox by J. Ray McDermott have been suspended following the alleged interest in acquiring McDermott shown by United Technologies. Having already staged one of the most bitter and colourful take-over fights of the year, McDermott, which has already obtained 49 per cent of Babcock and Wilcox, and United Technologies, which was overtaken in the bidding for Babcock last August, remained silent this morning about the prospect of possible merger discussions between the two companies.

Sycor to buy Nthn. Telecom.

MONTREAL, Dec. 5. NORTHERN TELECOM plans to buy another American company, Sycor, in an exchange of stock. Sycor is a producer of computer memory cores and is introducing a small data entry and processing system shortly, writes Robert Gibbons from Montreal. Telecom said it has agreed in principle to buy the control of Sycor for about \$577m. Telecom would pay in Treasury stock. Last week Northern bought into another American company called Data 100 Corporation, a Minneapolis computer terminal manufacturer. It bought a 12 per cent interest and an option on further shares, bringing its interest to 47 per cent.

Lance may face new financial problem

WASHINGTON, Dec. 5. THE COMPTROLLER of the Currency today temporarily suspended trading in the shares of the National Bank of Georgia, in which Mr. Bert Lance, President Carter's former budget director, is a large shareholder. The Comptroller's order in itself is quite routine: it was taken at the request of the Bank, based in Atlanta, following a sharp increase in the price of NBG shares, which are traded over the counter, at the end of last week. Mr. Lance's lawyer said last week that negotiations were under way to sell Mr. Lance's interest (more than 200,000 shares or 16 per cent of the outstanding stock) to unnamed buyers at a price of some \$20 per share. Mr. Lance had originally paid an average price of \$17 per share for his holding.

Go-ahead for Comino sale

SAO PAULO, Dec. 5. THE SPECIAL Commission, set up by the Brazilian Banco Central to investigate the proposed sale on the Sao Paulo stock market of a large number of shares in Banco Comerio e Industrial de Sao Paulo-Comind, has presented its conclusions. Reversing its earlier decision to block the sale, the Central bank has restored Comind's full freedom to negotiate its shares on any of Brazil's stock markets. The Banco Central intervened on November 15 to stop the proposed purchase of 39.5m. Comind shares, or 14 per cent of the bank's total, by Gastao Vidigal, the owner of a rival banking conglomerate, Banco Mercantil.

AEG-Telefunken omits dividend

FRANKFURT, Dec. 5. WEST GERMAN industry has been going through a difficult year. World demand remains weak, and the continuing upward movement of the D-mark has not been without its effects on the competitiveness of an economy heavily reliant on exports. Therefore, there is little surprise in today's announcement that shareholders in AEG-Telefunken are facing another year without dividends—the fourth in succession. Dividend prospects for the year were slim even in the spring, while by the autumn it was patently obvious that the hopes of the Federal Republic's industry for the year would remain unfulfilled.

Earnings fall at Mannesmann

DUSSELDORF, Dec. 5. MANNESMANN AG said earnings this year would certainly be lower than 1976's DM302m, as sales stagnate at the 1976 level of DM11.8bn. The company also said in a publication that the cash dividend would be lowered from DM7.00 per share in 1976 due to the corporate tax reform effective this year. The figure was given for the 1977 dividend, however. The company said that world sales in the first nine months totalled DM7.4bn, down 9 per cent from DM8.2bn. In the comparable year-ago period, only 10 per cent of large industrial orders will enable sales this year to attain last year's level, the publication said. Capital spending in the first nine months was DM423m. Mannesmann said spending for the year would be short of 1976's record DM326m. The sales decline was due in large part to lower turnover in foreign subsidiaries, the company said. AEG expects to be able to deal with its problems this year. AP-DJ

SIR statement on judicial inquiry

ROME, Dec. 5. SOCIETA ITALIANA RESINE (SIR), Italy's third largest petrochemical group, whose managing director and six other Board members were advised last week that they are under judicial investigation in connection with allegedly making improper use of interest rate subsidised credits (as reported in the Financial Times last Friday), has now issued the following statement. In connection with Press reports, following the opening of an inquiry into alleged irregular currency transactions and the improper use of credits, SIR asserts that there have never been in any form any currency export regarding SAIR (a company in which SIR has a 50 per cent stake) as indicated by the inquiries by the Guardia di Finanza—tax police. "As regards alleged irregularities concerning the improper use of State subsidised credits, the company has already placed at the disposal of the judicial authorities all requested documentation and it is confidently awaiting for the magistrature promptly implementing its course of justice, to remove any element that might disrupt the company's activities."

Quebec hydro Euroloans

BY MARY CAMPBELL THE OVERALL size of Quebec Hydro's Eurocurrency financing operation will be much larger than suggested by initial reports last week. In addition to a \$750m. loan, a \$500m. standby credit is being arranged, bringing the total to \$1.25bn. The final maturity on both tranches will be 5 1/2 years from the date the loan is signed. Interest will be payable at a margin of three-quarters of a point over inter-bank rates. There are seven joint lead managers for both tranches who have underwritten the financing. The banks concerned are Bank of Montreal (which is to be the borrowing and co-ordinating bank), Bank of Nova Scotia, Banque Canadienne Nationale, Banque Provinciale de Canada, Canadian Imperial Bank of Commerce, Toronto Dominion. A management group is currently being formed and the loan is expected to go into syndication later this month. Signing is expected in the second half of January. Market sources said yesterday that commitment and participation fees would be in line with market conditions. Robert Gibbons writes from Montreal: Most of Quebec Hydro's latest financing operations will go to the SCHEP project, reaching its peak construction period. Hydro will be spending about \$330m. in each of the next three years, as the 5,000 MW Lagrande No. 2 power site near this, in turn, requires estimated borrowing of nearly \$320m. Quebec Hydro's borrowings last year were just over \$1.5bn. But, starting on January 1, the utility is boosting its power rates by 20 per cent. John Wicks adds from Zurich: M. Parizeau, Quebec's Finance Minister, said in an interview here that slightly more than half the financing for James Bay would be raised outside Canada.

THIS ANNOUNCEMENT APPEARS AS A MATTER OF RECORD ONLY. AB SKANSKA CEMENTGJUTERIET SWEDEN. US \$20,000,000 7 YEAR TERM LOAN. ARRANGED BY CITICORP INTERNATIONAL GROUP. NOVEMBER 1977.

This announcement appears as a matter of record only. November 1977. بنك الخليج THE GULF BANK (Kuwait). Kuwaiti Dinars 9,000,000. K.D. 2,500,000 7% Certificates of Deposit Due 8 November 1978. K.D. 3,500,000 7 1/2% Certificates of Deposit Due 8 May 1979. K.D. 3,000,000 7 3/4% Certificates of Deposit Due 8 November 1979. The above Certificates of Deposit were placed by Kuwait International Investment Co. s.a.k.

Strike threatens Pullman earnings. PULLMAN INC. president Samuel B. Casey Jr. said the company's 1977 fourth quarter earnings could be lower than last year's if a strike at Eve of its Pullman Standard plants continues, reports Reuter from New York. Optimism at Heinz. H. J. HEINZ Company has announced an 18.6 per cent rise in net profits for the second quarter, to \$23.6m. from \$19.9m. in the same period last year, and is optimistic that it will have higher earnings and sales for the year, Reuter reports from Pittsburgh. Agfa-Gevaert \$35m. purchase. AGFA-GEVAERT has completed its \$35m. purchase of the Low and Wolf X-ray divisions of Ipcos Hospital Supply Corporation. Dr. Albert Beken managing director of Agfa-Gevaert, and Mr. John Willman, president of Ipcos said, AP-DJ reports from White Plains, N.Y. Agfa-Gevaert has acquired the assets of the two Ipcos divisions, including Low's contract as exclusive U.S. distributor of Agfa-Gevaert X-ray film and other products. The purchase price, payable within 12 months, is subject to possible adjustment but any such adjustment is not expected to be material.

This announcement appears as a matter of record only. \$65,000,000 Coal Production Financing. Colowyo Coal Company. A partnership between wholly owned subsidiaries of W. R. Grace & Co. and The Hanna Mining Company. Funds provided by CONTINENTAL BANK. CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO.

INTERNATIONAL FINANCIAL AND COMPANY NEWS

DOMESTIC BONDS

Squaring Bundesbank's financing options

By Jeffrey Brown

Speculation on the shape and amount of the government's traditional end of year funding continues to mount in Frankfurt...

Start-up costs hit Reed Intl. subsidiary

By Richard Stuart

JOHANNESBURG, Dec. 5.

START-UP LOSSES at Reed International's 50 per cent-owned Sanger Pulp and Paper...

JAPANESE NEWS

Yen cuts Nissan Motor

TOKYO, Dec. 5.

NISSAN MOTOR COMPANY, the maker of Datsun cars, said that its profit before-tax and special items in the second half of the year to March 31 will probably fall to ¥84bn. (£14.4m.)...

Export prices at Makita

MAKITA ELECTRIC WORKS

the leading Japanese manufacturer of power tools...

Profits downturn in Japan

By Yoko Shibata

OWING to a prolonged recession, coupled with the recent higher Yen exchange rate, Japanese corporations experienced a severe profit setback for the six months ended September 1977.

INTERNATIONAL CAPITAL MARKETS

\$120m. Euroloan for Trinidad

By David Renwick

PORT OF SPAIN, Dec. 5.

THE TRINIDAD and Tobago government will borrow about \$120 million from the Eurodollar market...

SELECTED EURODOLLAR BOND PRICES

MID-DAY INDICATIONS

Table with columns for Bond Name, Bid, Offer, and Price. Includes various international bonds like Australia, Canada, France, Germany, etc.

FOREIGN EXCHANGES

Table with columns for City, Bank Rates, Day's Spread, and Close. Lists exchange rates for New York, Montreal, Amsterdam, etc.

† Basic discount. ‡ Rates given are for convertible francs; closing financial franc 82.15-82.35.

\$A8.6m. bid for Bradmill Industries

By James Forth

SYDNEY, Dec. 5.

BRADMILL INDUSTRIES, the major textile group, has received a joint \$A8.6m. offer for a controlling interest in the company.

The two bidders currently control about 20 per cent of Bradmill's capital and intend to bid for 40 per cent of the shares held by remaining shareholders.

The offer price is 70 cents a share, only 6 cents above the market price before the bid was announced.

Cleekheaton has been buying Bradmill shares for some months, and holds about 10.6 per cent of the capital.

Bradmill directors have described the offer price as "wholly inadequate" and not representative of the worth of the company and its future prospects.

Whitecroft

Interim statement by the chairman Mr. J. Tavaré

Group profit before taxation for the half year ended 30th September 1977 of £1,778,000 is below our expectancy at the beginning of the year and is some 18% lower than the figure for the same period last year.

The results for the second half of the financial year are expected to be substantially ahead of the first but we will not achieve the record profits of last year.

Investments in areas of business growth continue and we expect major contributions to be made by them next year.

It is proposed to pay an increased interim dividend of 4.4 pence per ordinary stock unit (absorbing £412,000) compared with 2.33 pence a year ago.

Summary of results table with columns for Half year ended 30th September 1977, Half year ended 30th September 1976, and Year ended 31st March 1977. Rows include Turnover, Profit before taxation, Profit after taxation, etc.

Whitecroft Limited

Textiles, building supplies, building, engineering and leather. Copies of the interim report may be obtained from: The Company Secretary Whitecroft Limited, Blackfriars House, Parsonage Manchester M3 2HX

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Debunking the many myths about Japanese foreign investment

WHY IS Japan the only country whose investments in Britain are generally the subject of an agreement fixing a percentage of output for export and enforcing the use of a percentage of components of local manufacture? Why is Swedish capital, through SKF, a member of the so-called "British Bearing Manufacturers Association," while Japanese capital, through NSK, is not? Why does a British Prime Minister rightly regard a major American investment by Ford, as a triumph, while the prospect of a similar investment by a Japanese motor manufacturer would at very least cause a fluttering in the political dovecotes?

The answer lies partly in prejudice, partly in a misunderstanding about the difference between the legitimate short-term interests of domestic manufacturing industry and the long-term national interest. The prejudice is based on some widely held myths about Japanese investment. Myth No. 1 is that Japanese industries have a mysterious oriental technique enabling them to "flood" markets with heavily subsidised or "dumped" goods for a sufficiently long period to destroy the local manufacturing industry; then, so the myth presumably continues, they form a cartel, rig the prices, and get all their money back. Of course Japanese manufacturers sometimes dump goods below cost as does every manufacturing country in the world. However, while the relationship between Japanese banks and industry is different from that in Britain, it is difficult to identify any hidden financial advantages that Japanese companies have of avoiding the bankruptcy that normally follows if sales fall to cover costs. While the Japanese Government may exact less tax (although with the many legitimate ways of avoiding corporation tax in the U.K.

Certainly at least two Japanese companies in the U.K. have moved heaven and earth (successfully) to overcome enormous difficulties in the quality of the U.K. components which they had promised to use. Myth No. 3 is that the wicked men of the Orient are bad employers. This is quickly dismissed. The success of the initial Japanese companies investing in the U.K. in their labour relations is now honoured. The domestic manufacturing industry is objecting because it has legitimate short-term interests which, as it happens, do not correspond to the national interest. In the short-term anything that slows Hitachi down for a year or two years is helpful to its competition. The second Hitachi myth—that the Japanese intention is to capture the market by "subsidised" price competition

Mr. Dennis Stevenson, chairman of Aycliffe and Peterlee Development Corporations, played a major part in persuading NSK, the Japanese ball-bearing company, to establish a plant at Peterlee. Here he says that Britain should jump at Hitachi's plan to make TV sets in the North East.

across the board—is more amazing. One wonders if the key political and trade union opponents of Hitachi are aware that if they tried to buy a TV set today, far from finding Hitachi the price cutters, they would find that Hitachi tends to be the price leader charging considerably more for its television sets than domestic manufacturers. The third Hitachi myth—that by coming in the Japanese will destroy the domestic market—is simply not true. Given that they undertake to export 50 per cent of output, and given the proposed capacity of the plant, they could at the most increase their market share by a very few points. The fourth Hitachi myth is the assertion, made by at least one respected trade union leader, that Hitachi, by building a plant which at full capacity will employ 400 people, will directly put out of work between 6,000 and 20,000. If the assertion is true it carries some fascinating implications about the efficiency of the domestic manufacturing industry! It is entirely legitimate for the domestic manufacturing industry to pursue its interests as it sees them. But for that reason it is essential that responsible politicians and trade union leaders identify the real national interest at stake on any issue. When a similar storm of protest was raised against the NSK bearing manufacturing company by the British bearing industry, Mr. Eric Heffer, M.P., as Minister of State in the Department of Industry, with admirable honesty and courage stood up to explain the decision to let NSK in and gave the objectors an elementary arithmetic lesson in the interest of the nation. He pointed out clearly that if NSK did not come to the U.K. it would go to another EEC country and from there it would compete just as hard with a negative effect on the balance of payments, nor would it employ British people.

The Hitachi proposal has become a crucial test of the Government's attitude. If the proposal is rejected, the deterrent effect on other Japanese investors will be considerable. But while there is a selfish British national interest in taking advantage of the long term opportunities of receiving Japanese investment, the Japanese themselves must take the lion's share of the blame for what can only be described as losing the propaganda war in the U.K. They are often depicted as subtle people with immensely devious long-term intents. The reverse is often true. By and large Japanese investors in Europe have wholly failed to understand or to come to grips with the local political systems and to manipulate them with the same skill as their opponents. The reasons lie at the heart of the system of Japanese management. Whereas the Japanese are famed for delegating to middle-management, when it comes to politics the elder statesmen on the main board tend to make the running together with senior officials from the Ministry of Trade and Industry. Thus the less well-served, poorer English speaking, older generation of Japanese business is determining political conduct. In most cases they choose to keep their heads down. This is a pity since most Japanese companies have a younger generation of executives who speak good English; have lived in the U.K. or the U.S., for a long time, and who should be in the front line of negotiation and communication with British institutions. If common sense and the mutual interest of the British and Japanese are to prevail, the large Japanese corporations must seek through their younger managers—as well as their locally hired managers—to add equivalent skills in communication and European politics to the technical and manufacturing skills they already have. Finally, while it is easy to make suggestions from outside, there is little doubt that the British Government should be adopting a more direct and aggressive approach in securing Japanese investment before Belgium, Ireland and Holland take it all. It is possible to identify at least ten sectors where the Japanese have distinctive and world leading technologies; and a reason to invest in the EEC. After all in the much vaunted industrial strategy, investment by Americans and Scandinavians or other European companies is just as much part of the process of national industrial planning as investment by British companies. Why not also the future investment of Japanese companies?

change
Robins

Can buy me love.

Your gift can mean happiness for someone this Christmas.

10,000 men, women and children will be in our care this Christmas. Please help us spread the love born in Bethlehem.

To The Salvation Army. I would like to help the people in your care.

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ADDRESS

Please make cheques/PO's payable to The Salvation Army. Send to International H.Q. 101 Queen Victoria Street, London EC4P 4EP.

ENTERTAINMENT GUIDE

CC—These theatres accept certain credit cards by telephone or at the box office

OPERA & BALLET	THEATRES	THEATRES
ALBANY. Credit cards 01-240 5258. Reservations 01-233 5142. ENGLISH NATIONAL OPERA Tonight 8.00 and 7.30. 7.30 10.15 Tomorrow 7.30. 7.30. 10.15. 10.15. 7.30. 7.30. 10.15. 10.15. 10.15. 7.30. 7.30. 10.15. 10.15. 10.15. 7.30. 7.30. 10.15. 10.15. 10.15. 7.30. 7.30. 10.15. 10.15. 10.15. 7.30. 7.30. 10.15. 10.15. 10.15.	GLDCE. 01-437 1590. Evening 8.15. Evening 8.00. Sat. 8.00 and 8.45. PAUL EDDINGTON. AMANDA BARRIE In the company of DONKEY'S YEARS DONKEY'S YEARS DONKEY'S YEARS DONKEY'S YEARS DONKEY'S YEARS DONKEY'S YEARS DONKEY'S YEARS DONKEY'S YEARS	PICCADILLY. 437 4506. Credit Card bkgs. 8.15.

... (rest of the guide content follows similar structure) ...



What the Alexander Howden Group is aiming for.

We're aiming to consolidate and improve our position as one of the largest and most efficient insurance groups. We're aiming to develop new markets through our Insurance and Reinsurance Brokers, Underwriting Agencies and Insurance Companies. We're aiming to continue our policy of planned expansion and acquisition where we see opportunities. We're aiming to add to our reputation for effective solutions to insurance problems for clients all over the world. And—as our doubling of profits and earnings per share in the last four years has shown—our aim has been pretty good.

ah

Alexander Howden Group Limited

Backside House, 107/112 Leadenhall Street, London EC3A 4AL. Telephone: 01-283 3444. Telex No: 885786

ENTERTAINMENT GUIDE IS CONTINUED ON PAGE 26

28 WALL STREET + OVERSEAS MARKETS + FOREIGN EXCHANGES

Down slips 3 more in quiet trading

BY OUR WALL STREET CORRESPONDENT

STOCKS ON Wall Street declined a bad showing, were certainly moderately in quiet trading in nothing to get excited about, what analysts saw as more an absence of demand than much in the way of selling pressure.

The Dow Jones Industrial Average slipped 2.95 to 821.03, or 22 cents to \$32.12, while declines outpaced gains by 873 to 562. Turnover contracted by 2,000 shares in the day.

MONDAY'S ACTIVE STOCKS

Table with columns: Stock, Closing, Change, High, Low. Lists active stocks like Alcoa, J. Ray McDermott, etc.

OTHER MARKETS

Canada easier

Following the recent good performance, Canadian stock markets displayed an easier bias yesterday, although not particularly heavy trading.

Indices

NEW YORK - DOW JONES

Table showing Dow Jones indices for Dec 5, 1977, with columns for Dec 5, Nov 29, Nov 22, High, Low, and % change.

STANDARD AND POORS

Table showing Standard & Poors indices for Dec 5, 1977, with columns for Dec 5, Nov 29, Nov 22, High, Low, and % change.

OVERSEAS SHARE INFORMATION

NEW YORK

Large table listing various international stocks and their prices, organized by region like Africa, Asia, Europe, etc.

The Toronto Composite Index

relinquished 1.9 to 1028.6, while Oil and Gas came back 1.5 to 1391.1.

PARIS

Only the 37 shares in the Corbeille section were traded due to a union meeting, and these were mostly lower, Bourse sources stated.

BRUSSELS

Stocks showed a bias to lower levels. Selling received 65 to B.Fr.2,965.

THE AMERICAN SE Market Value

index reacted 0.32 to 124.29 in moderate activity. Volume 2.83m shares.

NEW YORK, Dec. 5

Bourse index falling 1.06 to a new low for the year of 562.4.

Pirelli fell 89 to L1,951, ANIC 11 to L119, Saguati to L2,580.

and Fiat 26 to L1,930, but its leader put on 2 to L165.

Bonds were narrowly mixed in quiet two-way trading.

JOHANNESBURG - Golds and other Metals moved ahead in a trade on Overseas interest.

Gains in Gold shares ranged to 53 cents.

Platinum issues extended Friday's former trend, gaining between 3 and 5 cents, while Asbestos shares also hardened.

HONG KONG - Market was mixed with a firmer undertone in moderate trading.

Local investors, although remaining cautious, appeared encouraged by reports of some uncertainty surrounding the textile talks between Hong Kong and the EEC.

Interest centred on Blue Chips, where Hutton gained 2 1/2 cents to HK\$10 and Jardine Matheson 10 cents to HK\$13.

Elsewhere, Ocean Land eased 1 cent to HK\$12.4 following results.

Share prices were sharply lower, led by export-oriented issues, which were undermined by reports that the Dutch Government had approved a plan to reduce the country's trade surplus and finished at 4,904.40, with volume 220m shares.

Restating the downturn were Construction issues, which were in the forefront of Government economic reactionary measures.

AUSTRALIA - Uranium led the market upwards on news that the Government's position on opinion polls was strengthening ahead of next Saturday's General Election.

Pancontinental rose 30 cents to \$43.10, Peabody Energy 20 cents to \$43.45, and Radium Investments 20 cents to \$41.10.

Industrial leader BHP advanced 17 cents to \$45.50, while Suncor had a 10 cent up to \$42.00.

Banking rose 10 cents to \$43.45, and Lend Lease up to 10 cents to \$42.35.

NOTES: Overseas prices shown below and a premium for British dividends are after withholding tax.

DM\$20 option unless otherwise stated. DM\$100 option unless otherwise stated.

Price at time of suspension. Price at time of resumption.

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FOREIGN EXCHANGES

The U.S. dollar continued to lose ground in yesterday's foreign exchange market as a general lack of confidence prompted some fairly heavy selling.

Initial losses in the West German mark improved to DM2,185.00 from the week-end and the Swiss franc at Sw.Fr.2,119.00 against Sw.Fr.2,125.00.

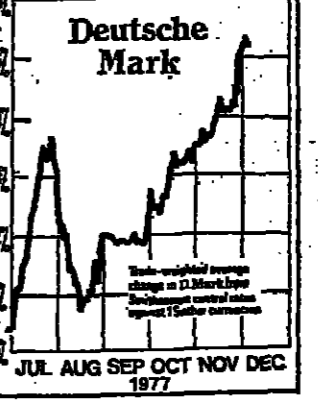
However, closing levels of the bottom at DM2,187.50 and Sw.Fr.2,122.50.

The slide continued despite intervention by several central banks notably the West German Bundesbank and the weakness of the dollar brought renewed pressure to bear on the weaker members of the Snake with the Belgian, Danish and Norwegian currencies all slipping below their lower intervention points against the mark.

Morgan Guaranty's calculation of the dollar's trade weighted average depreciation using noon rates in New York, showed a deterioration to 2.0 per cent during the day to reach a high point of \$1,330.13-00 before easing to close at \$1,330.13-00.

London's rise of one cent to \$1,330.13-00, however, the Japanese yen spent a quieter day ahead of moves by the Japanese Government to reduce the country's trade surplus and finished at 242.42 against ¥242.42 in terms of the dollar.

Gold improved \$1 an ounce to \$191.160 with buying interest prompted by the weakness of the dollar although trading was on a generally low level. The Krugger rand finished at \$194.160 (\$191.160) for domestic delivery.



CURRENCY RATES

Table showing currency rates for various countries like Australia, Canada, Hong Kong, etc., with columns for Dec 5, Nov 29, Nov 22, High, Low, and % change.

EXCHANGE CROSS-RATES

Table showing cross-rates between major currencies like Frankfurt, New York, Paris, Brussels, London, Amsterdam, Zurich.

EURO-CURRENCY INTEREST RATES

Table showing interest rates for various terms and currencies like 3 months, 6 months, 12 months, etc.

FORWARD RATES

Table showing forward rates for various currencies and terms like 1 month, 3 months, 6 months, 12 months.

TOKYO

Table showing stock prices and indices for Tokyo, including Nikkei, TOPIX, and various company shares.

BRUSSELS/LUXEMBOURG

Table showing stock prices and indices for Brussels and Luxembourg.

AMSTERDAM

Table showing stock prices and indices for Amsterdam.

COPENHAGEN

Table showing stock prices and indices for Copenhagen.

VIENNA

Table showing stock prices and indices for Vienna.

GOLD MARKET

Table showing gold market prices for various locations like London, New York, etc.

FOREIGN EXCHANGES

Table showing foreign exchange rates for various countries like Australia, Canada, Hong Kong, etc.

OTHER MARKETS

Table showing prices for various commodities and other markets like Argentina, Brazil, etc.

OSLO

Table showing stock prices and indices for Oslo.

JOHANNESBURG

Table showing stock prices and indices for Johannesburg.

PARIS

Table showing stock prices and indices for Paris.

STOCKHOLM

Table showing stock prices and indices for Stockholm.

SWITZERLAND

Table showing stock prices and indices for Switzerland.

MILAN

Table showing stock prices and indices for Milan.

SPAIN

Table showing stock prices and indices for Spain.

SECURITIES RISK DISCOUNT

Table showing risk discount rates for various securities.

FARMING AND RAW MATERIALS

Zambian Minister calls for copper output cut

BY OUR COMMODITIES STAFF
JOSLEY CHINKULI, the Zambian Minister for Mines, yesterday called on the world's main copper producers to cut their output by 10 to 15 per cent.

Ghana cocoa figures raise doubts

By Richard Mooney
THE RELEASE of the latest Ghana cocoa purchases figure yesterday did little to clear up the mystery surrounding the state crop.



Freshly colled and wrapped to protect their new hairdos against soiling, a pair of South African sheep await judging at the Royal Smithfield Show, Earls Court, London, yesterday.

Lower South African wool earnings forecast

BY BERNARD SIMON
JOHANNESBURG, Dec. 5. SOUTH AFRICA'S wool export earnings during this season will probably be lower than last year's R182m, says a study by Standard Bank.

Smelters reject aluminium plan

BY CHRISTOPHER PARKES
BRITAIN'S LEADING aluminium smelters and first-line processors are angry against a plan to introduce futures dealings in the metal at the London Metal Exchange.

Coffee price cut 'to test market'

BY DAVID WHITE
RIO DE JANEIRO, Dec. 5. BRAZIL'S COFFEE policy has been down to earth with the Brazilian Coffee Institute's 34 per cent cut in its official floor price for exported beans, announced late on Friday.

Industry in U.S. uses less silver

WASHINGTON, Dec. 5. U.S. INDUSTRIAL silver use in the third quarter fell 18 per cent from the second quarter, to 36.4m ounces, says the Bureau of Mines.

India still short of edible oils

INDIA'S IMPORTS of oil and fats may approach last season's high level of 2.5m tonnes, says the Hamburg-based publication Oil World.

NatWest farm chief leaves

MR. PETER CLAY, agricultural manager of the National Westminster Bank for more than 10 years, is to be leaving the bank to be the oldest agricultural lending institution in Britain.

Plywood import quota plea ignored

Y A SPECIAL CORRESPONDENT
JAPAN'S plywood import quota for the year under the EEC Generalized Scheme of Preferences (GSP) will be exhausted by the end of the year.

Sugar growers cut production

THE NEW International Sugar Agreement, which is not due to come into force until January 1, is making itself felt in world markets, says brokers E. D. and F. Man.

India's imports of oil and fats

INDIA'S IMPORTS of oil and fats may approach last season's high level of 2.5m tonnes, says the Hamburg-based publication Oil World.

India still short of edible oils

INDIA'S IMPORTS of oil and fats may approach last season's high level of 2.5m tonnes, says the Hamburg-based publication Oil World.

COMMODITY MARKET REPORTS AND PRICES

Table with columns for various commodities like Wheat, Barley, and their prices. Includes sub-sections for 'BASE METALS' and 'COFFEE'.

COFFEE

Table showing coffee prices for different grades and origins, including Rio de Janeiro and Santos.

RUBBER

Table showing rubber prices for various types like RSS and SMR, and their origins.

PRICE CHANGES

Table listing price changes for various commodities such as metals, oil, and other raw materials.

INDEX LIMITED 01-351 2466

FINANCIAL TIMES Commodities Appointments

The Financial Times proposes to publish a new section entitled Commodities Appointments to appear within our regular Thursday Appointments column commencing on Thursday, 19th January, 1978.

GRAINS

Table showing grain prices for wheat, barley, and other cereals.

SOYABEAN MEAL

Table showing soyabean meal prices for different grades and origins.

U.S. Markets

Table showing U.S. market prices for various commodities like cotton, sugar, and other goods.

FINANCIAL TIMES EUROPE'S BUSINESS NEWSPAPER

THE C.C.S.T. WEEKLY MARKET REPORT sent free only to clients using our commodity broking services. This report gives fundamental news, interprets the current technical situation in each of the major London markets and forecasts future price movements.

C.C.S.T. Commodities Ltd

Vauxhall House, 35 Seething Lane, London EC3N 4AH

COMPANY NOTICES

NOTICE TO BONDHOLDERS THE KOREA DEVELOPMENT BANK United States Dollars 9 1/2% Guaranteed Bonds Due 1981

WHEAT

Table showing wheat prices for different grades and origins.

SUGAR

Table showing sugar prices for different grades and origins.

FINANCIAL TIMES

Table showing financial times data for various commodities and indices.

REUTERS

Table showing Reuters data for various commodities and indices.

MOODY'S

Table showing Moody's data for various commodities and indices.

SILVER

Table showing silver prices for different grades and origins.

WOOL FUTURES

Table showing wool futures prices for different grades and origins.

VEGETABLE OILS

Table showing vegetable oil prices for different grades and origins.

JUTE

Table showing jute prices for different grades and origins.

MEAT/VEGETABLES

Table showing meat and vegetable prices for different grades and origins.

South Korea's rice record

SEOUL, Dec. 5. SOUTH KOREA'S rice harvest rose 15.2 per cent to a record 3.5m tonnes this year.

COCOA

Table showing cocoa prices for different grades and origins.

STOCK EXCHANGE REPORT

Markets barely tested and close little changed
Small net movements in indices—30-share off 0.4 at 486.3

Account Dealing Dates
Option
First Declara- Last Account
Dealings Nov. 24 Nov. 23 Dec. 6
Nov. 28 Dec. 8 Dec. 9 Dec. 20
Dec. 12 Dec. 29 Dec. 30 Jan. 11

dealings were particularly sparse.
Of some importance was the
development of sporadic invest-
ment support in the top Treasury
Standard Chartered put on 7 to
price remained at 89. Isolated
improvements extending to 1
generally were established by
Corporations, the City of Bath 111
percent, 1983 issue gaining that
much to par in £10-paid form.

improvements of 3 were seen in
British Redding, 2 1/2p. Heywood
where, F. W. Tharpe continued
last week's Press-inspired advance
with a fresh gain of 3 to 35p.

Royal closed 3 to 21 1/2p mirroring
advised Press comment. Else-
where, F. W. Tharpe continued
last week's Press-inspired advance
with a fresh gain of 3 to 35p.

Edinburgh and Dundee to match
the increased bid terms offered
by the British Rail Pensions
Fund.

Once again, interest in the
Textile sector centred largely on
companies making trading state-
ments. Tomkinsons Holdings
responded to the increased divi-
dend and profits with a rise of 3 1/2
to 45p, while satisfactory interim
results left Aikins Bros. 2 dealer
at 51p and Dawson International
a steady firmer at 114p.

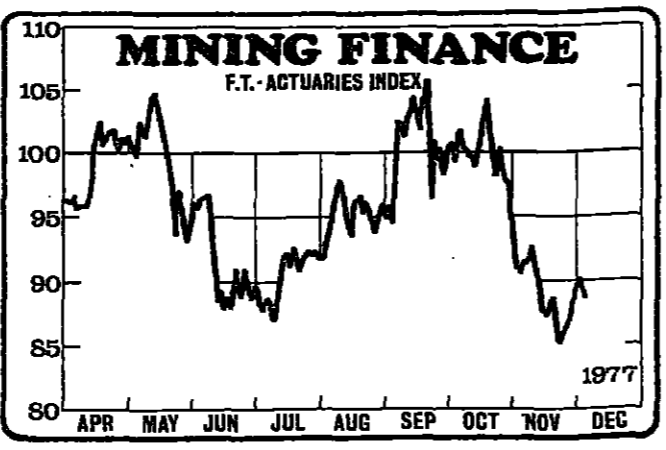
FINANCIAL TIMES STOCK INDICES
Table with columns for Dec 6, Dec 5, Dec 4, Nov 29, Nov 28, Nov 27, 1 year
Government Secs, Fixed Interest, Industrial Ordinary, Gold Mines, Ord. Div. Yield, Savings Yld, Div. Yield, Div. Yield, Div. Yield, Div. Yield, Div. Yield, Div. Yield

HIGHS AND LOWS
Table with columns for High, Low, S.E. ACTIVITY
Govt. Secs, Fixed Int., Ind. Ord., Gold Mines

OPTIONS TRADED
Table with columns for DEALING DATES, For, Last, Declara-
Nov. 23 Dec. 5 Feb. 23 Mar. 7
Dec. 21 Dec. 19 Nov. 9 Mar. 21
Dec. 20 Jan. 10 Mar. 30 Apr. 11

RISES AND FALLS
YESTERDAY
Table with columns for RISES, FALLS
British Funds, Govt. Secs, Fixed Int., Ind. Ord., Gold Mines

NEW HIGHS AND LOWS FOR 1977
Table with columns for NEW HIGHS, NEW LOWS
Govt. Secs, Fixed Int., Ind. Ord., Gold Mines



The main indices ended hardly
changed, the FT Industrial
Ordinary share ending 0.4 off at
486.3, after 488.3 at the day's best
at 11 a.m. Gill-edged made modest
process, generally to around 1
helped by sterling firmness in
foreign exchange markets, but
quotations of the Funds failed to
respond either to the better-than-
expected Wholesale Price Index
or to Industry Secretary Mr. Eric
Varley's backing comment that
the six-monthly inflation rate on
an annual basis is not likely to
exceed 5 per cent. The Government
Securities index advanced 0.19 to 74.30.

Standard higher
Movements worthy of note were
hard to find in the banking sector.
Standard Chartered put on 7 to
410p awaiting to-day's half-yearly
figures, while ANZ rallied a like
amount to 280p after last week's
dullness. The discounting of
Barclays Bank International had
placed its entire holding in ANZ
to various international institutions.
Bank Leumi shed 2 to 221, senti-
ment being unimpressed that the
Board had decided to postpone
the rights issue originally
planned for Thursday. Home
Banks drifted lower after opening
firmly and closed with minor
losses.

Burton decline
Burton issues became nervous
in Stores, the ordinary closing 3
down at 79p and the A 3 lower
at 78p, after 77p, following Press
comment that the Group could
reveal substantial losses when
the figures are announced tomorrow.

Among the handful of move-
ments, however, the 2 1/2p. Heywood
to more to 67p, still drawing benefit
from a recent Press mention. On
the other hand, Lotus, 47p, and
Wilmot Breder, 57p, both eased
5p, but Wilmot Breder was notably
again for a fresh speculative rise
in Benn Bros., up 5 to 70p for a
two-day advance of 13.

Properties firmer
Properties hardened over a
brood front, but business was
light. Land Securities, 502p, and
MEPC, 122p, were 2 to 3 better,
while among heavier-priced issues
Hammerson A gained 3 more to
335p. Sentiment was helped by the
general feeling that Minimum
Lending Rate at its current level
of 7 per cent, would not harm the
causes. Carling was unaltered at
10p after the interim profits state-
ment.

Quiet Mines
Was generally a very quiet
day in mining markets. South
African Golds staged a modest
recovery in afternoon trading in
line with the bullion price, which
per ounce in front of to-morrow's
International Monetary Fund gold
auction.

Funds edge forward
Although the volume of
business in British Funds was
again very modest, the undertone
was aided by the upward move-
ment in sterling and quotations
improved 1 at the longer end of
the market. Further switching
operations connected with
business on end account con-
stituted much of the trade among
the long and medium, there
being little straight interest, while
movements among the shorter
maturities were described as
random and unimportant. The
Wholesale Price Index for
November turned out to be
slightly more favourable than ex-
pected, but they failed to generate
any enthusiasm to either buyers
or the market with the result that
late-afternoon and after-hours

Renewed demand ahead of the
preliminary figures, due shortly,
took Guinness up 3 more to 181p
and the 2 1/2p. Heywood up 3 to
181p in continued reflection of the
bit hope and rose 10 further to
200p in an extremely thin market.

Among overseas Traders, In-
vestment Trusts were notable
only for a rise of 4 to 139p in

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vestment Trusts were notable
only for a rise of 4 to 139p in

BLACK DIAMONDS PENSIONS LIMITED
Offer for the Ordinary Shares of
THE BRITISH INVESTMENT TRUST LIMITED
The Offer will close at 3 p.m. on Monday, 12th
December, 1977 and cannot be extended. Ordinary
Shareholders who wish to accept the Offer should there-
fore note that the final time for acceptance is 3 p.m. on
Monday, 12th December, 1977 and are accordingly strongly
urged to accept without delay.

RECENT ISSUES
EQUITIES
Table with columns for Issue, Amount, Date, Price, etc.
FIXED INTEREST STOCKS
Table with columns for Issue, Amount, Date, Price, etc.
"RIGHTS" OFFERS
Table with columns for Issue, Amount, Date, Price, etc.
ACTIVE STOCKS
Table with columns for Stock, Denomina-
tion, No. of shares, Closing price, etc.

FT—ACTUARIES SHARE INDICES
These indices are the joint compilation of the Financial Times, the Institute of Actuaries
and the Faculty of Actuaries
EQUITY GROUPS
Table with columns for Group, Mon. Dec. 5, 1977, Fri. Dec. 9, 1977, Thurs. Dec. 8, 1977, Wed. Dec. 7, 1977, Tues. Dec. 6, 1977, Year ago approx.
FIXED INTEREST YIELDS
Table with columns for Yield, Mon. Dec. 5, 1977, Fri. Dec. 9, 1977, Thurs. Dec. 8, 1977, Wed. Dec. 7, 1977, Tues. Dec. 6, 1977, Year ago approx.

FINANCIAL EXPERTS REASSESS
COMMODITIES—HAVE YOU?
Free reprint of an article comparing results of investments in commodities
with alternatives will be sent to you if you complete and return this
coupon:
Grosvenor Commodity Investments Limited
4 Grosvenor Place
London, SW1 — Tel: 01-235 0791

ACTIVE STOCKS
Table with columns for Stock, Denomina-
tion, No. of shares, Closing price, etc.

FIXED INTEREST YIELDS
Table with columns for Yield, Mon. Dec. 5, 1977, Fri. Dec. 9, 1977, Thurs. Dec. 8, 1977, Wed. Dec. 7, 1977, Tues. Dec. 6, 1977, Year ago approx.



AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

Table of authorised unit trusts including names like 'The British Life Office Ltd', 'Gartmore Fund Managers', and 'Perpetual Unit Trust Managers'.

Table of authorised unit trusts including names like 'Fidelity Mgmt. & Res. (Bda.) Ltd.', 'Kemp-Gee Management Jersey Ltd.', and 'Save & Prosper International'.

Table of offshore and overseas funds including names like 'Arbutnot Securities (C.I.) Limited', 'Fidelity Mgmt. & Res. (Bda.) Ltd.', and 'Kemp-Gee Management Jersey Ltd.'.

Table of offshore and overseas funds including names like 'Kemp-Gee Management Jersey Ltd.', 'Save & Prosper International', and 'Schlesinger International Mgmt. Ltd.'.

Table of base lending rates for various banks and financial institutions.

Table of base lending rates for various banks and financial institutions.

INSURANCE, PROPERTY, BONDS

Table of insurance, property, and bond services including names like 'Abbey Life Assurance Co. Ltd.', 'Credit & Commerce Insurance', and 'Scottish Widows'.

Table of Clive Investments Limited services and contact information.

Table of insurance base rates for property growth and other services.

The war that never ends. We British are a peaceful people. When a war is over we like to consign it to the history books...

The Army Benevolent Fund. It soldiers, ex-soldiers and their families in distress. Dept. F.T. Duke of York's HQ, London SW3 4SP

Table of insurance, property, and bond services including names like 'Scottish Widows', 'NFI Pensions Ltd.', and 'Imperial Life Ass. Co. of Canada'.

Table of insurance, property, and bond services including names like 'Imperial Life Ass. Co. of Canada', 'King & Shaxson Ltd.', and 'Lloyds Life Assurance Co. Ltd.'.

NOTES. Prices do not include premium, except where indicated...

**EXPORTERS-
CASH FLOW
GUARANTEED**

CONTACT: B. D. Kay
INTERNATIONAL FACTORS LTD
Chancery Lane, New Court Building
Brighton BN1 4EX Tel: (0273) 56700

Birmingham, Leeds, London,
Cardiff, Manchester.

FT SHARE INFORMATION SERVICE

HOTELS-Continued

Stock	Price	High	Low	Low
Adlon (London)	178.50	178.50	178.50	178.50
Adlon (Paris)	178.50	178.50	178.50	178.50
Adlon (Geneva)	178.50	178.50	178.50	178.50
Adlon (Rome)	178.50	178.50	178.50	178.50
Adlon (Vienna)	178.50	178.50	178.50	178.50

**BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Stock	Price	High	Low	Yield
British Stock 250	100.00	100.00	100.00	5.43
British Stock 500	100.00	100.00	100.00	5.43
British Stock 1000	100.00	100.00	100.00	5.43
British Stock 2000	100.00	100.00	100.00	5.43
British Stock 3000	100.00	100.00	100.00	5.43

AMERICANS-Continued

Stock	Price	High	Low	Div	Yield
Adelphi	11.25	11.25	11.25	0.10	0.90
Admiral	11.25	11.25	11.25	0.10	0.90
AEG	11.25	11.25	11.25	0.10	0.90
AEG (C)	11.25	11.25	11.25	0.10	0.90
Admiral (C)	11.25	11.25	11.25	0.10	0.90

BUILDING INDUSTRY-Cont.

Stock	Price	High	Low	Div	Yield
Adelphi	11.25	11.25	11.25	0.10	0.90
Admiral	11.25	11.25	11.25	0.10	0.90
AEG	11.25	11.25	11.25	0.10	0.90
AEG (C)	11.25	11.25	11.25	0.10	0.90
Admiral (C)	11.25	11.25	11.25	0.10	0.90

DRAPERY AND STORES-Cont.

Stock	Price	High	Low	Div	Yield
Adelphi	11.25	11.25	11.25	0.10	0.90
Admiral	11.25	11.25	11.25	0.10	0.90
AEG	11.25	11.25	11.25	0.10	0.90
AEG (C)	11.25	11.25	11.25	0.10	0.90
Admiral (C)	11.25	11.25	11.25	0.10	0.90

ENGINEERING-Continued

Stock	Price	High	Low	Div	Yield
Adelphi	11.25	11.25	11.25	0.10	0.90
Admiral	11.25	11.25	11.25	0.10	0.90
AEG	11.25	11.25	11.25	0.10	0.90
AEG (C)	11.25	11.25	11.25	0.10	0.90
Admiral (C)	11.25	11.25	11.25	0.10	0.90

**BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Stock	Price	High	Low	Yield
British Stock 250	100.00	100.00	100.00	5.43
British Stock 500	100.00	100.00	100.00	5.43
British Stock 1000	100.00	100.00	100.00	5.43
British Stock 2000	100.00	100.00	100.00	5.43
British Stock 3000	100.00	100.00	100.00	5.43

CANADIANS

Stock	Price	High	Low	Div	Yield
Adelphi	11.25	11.25	11.25	0.10	0.90
Admiral	11.25	11.25	11.25	0.10	0.90
AEG	11.25	11.25	11.25	0.10	0.90
AEG (C)	11.25	11.25	11.25	0.10	0.90
Admiral (C)	11.25	11.25	11.25	0.10	0.90

BANKS AND HIRE PURCHASE

Stock	Price	High	Low	Div	Yield
Adelphi	11.25	11.25	11.25	0.10	0.90
Admiral	11.25	11.25	11.25	0.10	0.90
AEG	11.25	11.25	11.25	0.10	0.90
AEG (C)	11.25	11.25	11.25	0.10	0.90
Admiral (C)	11.25	11.25	11.25	0.10	0.90

ELECTRICAL AND RADIO

Stock	Price	High	Low	Div	Yield
Adelphi	11.25	11.25	11.25	0.10	0.90
Admiral	11.25	11.25	11.25	0.10	0.90
AEG	11.25	11.25	11.25	0.10	0.90
AEG (C)	11.25	11.25	11.25	0.10	0.90
Admiral (C)	11.25	11.25	11.25	0.10	0.90

Over Fifteen Years

Stock	Price	High	Low	Yield
British Stock 250	100.00	100.00	100.00	5.43
British Stock 500	100.00	100.00	100.00	5.43
British Stock 1000	100.00	100.00	100.00	5.43
British Stock 2000	100.00	100.00	100.00	5.43
British Stock 3000	100.00	100.00	100.00	5.43

Five to Fifteen Years

Stock	Price	High	Low	Yield
British Stock 250	100.00	100.00	100.00	5.43
British Stock 500	100.00	100.00	100.00	5.43
British Stock 1000	100.00	100.00	100.00	5.43
British Stock 2000	100.00	100.00	100.00	5.43
British Stock 3000	100.00	100.00	100.00	5.43

CHEMICALS, PLASTICS

Stock	Price	High	Low	Div	Yield
Adelphi	11.25	11.25	11.25	0.10	0.90
Admiral	11.25	11.25	11.25	0.10	0.90
AEG	11.25	11.25	11.25	0.10	0.90
AEG (C)	11.25	11.25	11.25	0.10	0.90
Admiral (C)	11.25	11.25	11.25	0.10	0.90

ENGINEERING

Stock	Price	High	Low	Div	Yield
Adelphi	11.25	11.25	11.25	0.10	0.90
Admiral	11.25	11.25	11.25	0.10	0.90
AEG	11.25	11.25	11.25	0.10	0.90
AEG (C)	11.25	11.25	11.25	0.10	0.90
Admiral (C)	11.25	11.25	11.25	0.10	0.90

COMMONWEALTH & AFRICAN LOANS

Stock	Price	High	Low	Yield
British Stock 250	100.00	100.00	100.00	5.43
British Stock 500	100.00	100.00	100.00	5.43
British Stock 1000	100.00	100.00	100.00	5.43
British Stock 2000	100.00	100.00	100.00	5.43
British Stock 3000	100.00	100.00	100.00	5.43

BEERS, WINES AND SPIRITS

Stock	Price	High	Low	Div	Yield
Adelphi	11.25	11.25	11.25	0.10	0.90
Admiral	11.25	11.25	11.25	0.10	0.90
AEG	11.25	11.25	11.25	0.10	0.90
AEG (C)	11.25	11.25	11.25	0.10	0.90
Admiral (C)	11.25	11.25	11.25	0.10	0.90

CINEMAS, THEATRES AND TV

Stock	Price	High	Low	Div	Yield
Adelphi	11.25	11.25	11.25	0.10	0.90
Admiral	11.25	11.25	11.25	0.10	0.90
AEG	11.25	11.25	11.25	0.10	0.90
AEG (C)	11.25	11.25	11.25	0.10	0.90
Admiral (C)	11.25	11.25	11.25	0.10	0.90

MACHINE TOOLS

Stock	Price	High	Low	Div	Yield
Adelphi	11.25	11.25	11.25	0.10	0.90
Admiral	11.25	11.25	11.25	0.10	0.90
AEG	11.25	11.25	11.25	0.10	0.90
AEG (C)	11.25	11.25	11.25	0.10	0.90
Admiral (C)	11.25	11.25	11.25	0.10	0.90

FOREIGN BONDS & RAILS

Stock	Price	High	Low	Yield
British Stock 250	100.00	100.00	100.00	5.43
British Stock 500	100.00	100.00	100.00	5.43
British Stock 1000	100.00	100.00	100.00	5.43
British Stock 2000	100.00	100.00	100.00	5.43
British Stock 3000	100.00	100.00	100.00	5.43

HIRE PURCHASE, etc.

Stock	Price	High	Low	Div	Yield
Adelphi	11.25	11.25	11.25	0.10	0.90
Admiral	11.25	11.25	11.25	0.10	0.90
AEG	11.25	11.25	11.25	0.10	0.90
AEG (C)	11.25	11.25	11.25	0.10	0.90
Admiral (C)	11.25	11.25	11.25	0.10	0.90

DRAPERY AND STORES

Stock	Price	High	Low	Div	Yield
Adelphi	11.25	11.25	11.25	0.10	0.90
Admiral	11.25	11.25	11.25	0.10	0.90
AEG	11.25	11.25	11.25	0.10	0.90
AEG (C)	11.25	11.25	11.25	0.10	0.90
Admiral (C)	11.25	11.25	11.25	0.10	0.90

ENGINEERING

Stock	Price	High	Low	Div	Yield
Adelphi	11.25	11.25	11.25	0.10	0.90
Admiral	11.25	11.25	11.25	0.10	0.90
AEG	11.25	11.25	11.25	0.10	0.90
AEG (C)	11.25	11.25	11.25	0.10	0.90
Admiral (C)	11.25	11.25	11.25	0.10	0.90

AMERICANS

Stock	Price	High	Low	Div	Yield
Adelphi	11.25	11.25	11.25	0.10	0.90
Admiral	11.25	11.25	11.25	0.10	0.90
AEG	11.25	11.25	11.25	0.10	0.90
AEG (C)	11.25	11.25	11.25	0.10	0.90
Admiral (C)	11.25	11.25	11.25	0.10	0.90

BUILDING INDUSTRY, TIMBER AND ROADS

Stock	Price	High	Low	Div	Yield
Adelphi	11.25	11.25	11.25	0.10	0.90
Admiral	11.25	11.25	11.25	0.10	0.90
AEG	11.25	11.25	11.25	0.10	0.90
AEG (C)	11.25	11.25	11.25	0.10	0.90
Admiral (C)	11.25	11.25	11.25	0.10	0.90

DRAPERY AND STORES

Stock	Price	High	Low	Div	Yield
Adelphi	11.25	11.25	11.25	0.10	0.90
Admiral	11.25	11.25	11.25	0.10	0.90
AEG	11.25	11.25	11.25	0.10	0.90
AEG (C)	11.25	11.25	11.25	0.10	0.90
Admiral (C)	11.25	11.25	11.25	0.10	0.90

ENGINEERING

Stock	Price	High	Low	Div	Yield
Adelphi	11.25	11.25	11.25	0.10	0.90
Admiral	11.25	11.25	11.25	0.10	0.90
AEG	11.25	11.25	11.25	0.10	0.90
AEG (C)	11.25	11.25	11.25	0.10	0.90
Admiral (C)	11.25	11.25	11.25	0.10	0.90

FOOD, GROCERIES, ETC.

Stock	Price	High	Low	Div	Yield
Adelphi	11.25	11.25	11.25	0.10	0.90
Admiral	11.25	11.25	11.25	0.10	0.90
AEG	11.25	11.25	11.25	0.10	0.90
AEG (C)	11.25	11.25	11.25	0.10	0.90
Admiral (C)	11.25	11.25	11.25	0.10	0.90

AMERICANS

Stock	Price	High	Low	Div	Yield
Adelphi	11.25	11.25	11.25	0.10	0.90
Admiral	11.25	11.25			

INDUSTRIALS—Continued

Table of industrial stocks including Lloyds Bank, British Petroleum, and various engineering firms.

INSURANCE—Continued

Table of insurance companies such as Lloyds, Royal Indemnity, and others.

PROPERTY—Continued

Table of property-related stocks and investments.

INV. TRUSTS—Continued

Table of investment trusts including various fund managers.

FINANCE, LAND—Continued

Table of finance and land-related stocks and investments.

Advertisement for Yasuda Trust and Banking, featuring a logo and company name.

MOTORS, AIRCRAFT TRADES

Table listing motor and aircraft related companies and their stock prices.

SHIPBUILDERS, REPAIRERS

Table listing shipbuilders and repairers.

SHIPPING

Table listing shipping companies.

SHOES AND LEATHER

Table listing shoe and leather manufacturers.

SOUTH AFRICANS

Table listing South African stocks.

TEXTILES

Table listing textile companies.

NEWSPAPERS, PUBLISHERS

Table listing newspaper and publishing companies.

PAPER, PRINTING ADVERTISING

Table listing paper, printing, and advertising companies.

PROPERTY

Table listing property-related investments.

TOBACCOS

Table listing tobacco companies.

TRUSTS, FINANCE, LAND

Table listing trusts, finance, and land investments.

OILS

Table listing oil-related stocks.

OVERSEAS TRADERS

Table listing overseas trading companies.

RUBBERS AND SISALS

Table listing rubber and sisal companies.

TEAS

Table listing tea companies.

INDIA AND BANGLADESH

Table listing Indian and Bangladeshi stocks.

AFRICA

Table listing African stocks.

MINES

Table listing mining companies.

CENTRAL RAND

Table listing Central Rand mining stocks.

EASTERN RAND

Table listing Eastern Rand mining stocks.

FAR WEST RAND

Table listing Far West Rand mining stocks.

MINES—Continued

Table listing additional mining stocks.

AUSTRALIAN

Table listing Australian stocks.

TINS

Table listing tin companies.

COPPER

Table listing copper companies.

MISCELLANEOUS

Table listing miscellaneous stocks.

NOTES

Notes section containing various financial notices and company announcements.

REGIONAL MARKETS

Regional Markets section listing stock prices for various regions.

OPTIONS

Options section listing 3-month call rates for various stocks.

Additional notes and information at the bottom of the page.



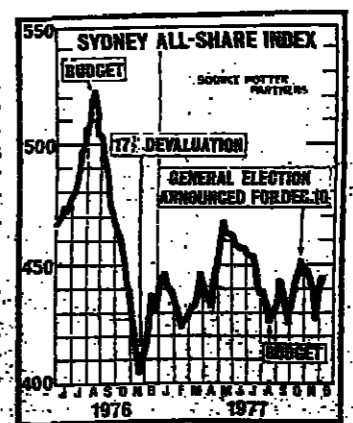
Top quality ventilation
Vent-Axia
the fug fighter

THE LEX COLUMN

No need for the NEB at Fairey

If Fairey's U.K. engineering companies had been threatened with piecemeal disposal after the appointment of a receiver to the parent company, then some form of intervention by the National Enterprise Board might have been understandable. The same might have been true if in the Government's view the companies concerned commanded a key position in the economy, or dominated an important industrial sector which required structural changes.

Index fell 0.4 to 486.3



While last year's developments have helped the country's competitiveness in exports, the underlying balance of payments situation still looks worrying. The Government has recently embarked on a \$4.2 billion overseas borrowing programme to prop up the currency and improve the country's foreign exchange reserves. It has also announced a 23 per cent increase in the cover of the current account.

The October trade figures showed exports a mere 5.5 per cent higher on the year. Imports were 23 per cent higher. The deficit widened to \$1.5 billion, a deterioration of private and foreign capital flows, which in earlier months had been on a footing of £1.5 billion. The Labour Government's early 1970s are still fresh in investors' minds and the suggestion that Mr. Whitlam might replace the present Liberal coalition was enough to set share prices tumbling a couple of weeks ago.

The Government's prospects of re-election received an early setback with the abrupt resignation of the Australian treasurer, Mr. Lynch, a few weeks ago, but the scandal has apparently petered out and the Liberal coalition now looks better placed to remain in power. Consequently, Australian share prices have been moving ahead and the Sydney industrial share index is currently less than 2 per cent off its year's high.

Sterling Eurobonds

It was fun while it lasted but it looks as though sterling Eurobond new issues have ground to a halt after six issues raising £1.5 billion in three weeks. Last night, Morgan Grenfell raised the coupon on the £100 million ten-year bond issue to 10 to 10 1/2 per cent in order to prevent an inevitable discount in the secondary market.

Whether the apparent over-demand is a reflection of over-supply or deteriorating sentiment after the jump in the MLR is a matter of opinion. The second explanation, however, is more likely to be the case. The moment of truth was reached when the market was flooded with new issues. It is not just the threat of a Labour Government that has knocked around a third of the Sydney Metals and Minerals but the Australian stock market and the Australian economy are generally in a depressed state of material prices has seriously

Rippon is new Britannia Holdings chief

BY KEITH LEWIS

SIR JAMES GOLDSMITH has stepped down as chairman of Britannia Holdings, the former Slater Walker Securities banking group. The new non-executive chairman is Mr. Geoffrey Rippon, leader of the Conservative group in the European Parliament.



Mr. Geoffrey Rippon, who succeeds Sir James Goldsmith at Britannia Holdings.

Other members of the caretaker management have also stepped down. The move, which has been expected for some time, reflects the view that there are now no major problems at the SWG group — re-named after the departure of Mr. Jim Slater, founder and former chairman, in 1975. Leaving with Sir James are Mr. Charles Hambro and Mr. Peter Hill-Wood (both representatives of Hambros Bank) and Lord Rothschild and Mr. Ivor Kennington (both of Rothschild) who relinquish their posts as non-executive directors.

Two other directors, Mr. Robin Whitten and Mr. Colin MacIntyre, have also left the Board. The new management consists of five Board members, including Mr. Rippon, Mr. Louis Sherwood, whose other directorships include Anglo-Continental and Finance, Argyle Securities and Cornwall Property — all associated with Sir James Goldsmith's interests in the executive committee and a non-executive director.

Mr. Kevin Ney of Tansley Witt, the accounting firm, is appointed a non-executive director. The two full-time executives in charge of day-to-day management are Mr. Brian Banks as group managing director and Mr. Michael Newman as finance director. Both have been with the group for some time.

The new Board structure reflects the changed nature of the group, whose interests are now chiefly in investment management through unit trust interests and the insurance company subsidiary. The property interests of the group which, with the banking side, were responsible for the troubles of SWG, have now been largely run down.

The property interests of the group which, with the banking side, were responsible for the troubles of SWG, have now been largely run down.

Doubts over further sterling bond issues

BY MARY CAMPBELL

THREE outstanding sterling Eurobond issues, £10m for Fisons, £25m for the European Investment Bank and £20m for Courtauld, were priced yesterday and suggestions that no further sterling Eurobond issues would be announced for some time. The interest rate for the Fisons issue was raised to 10 1/2 per cent from the indicated level of 10 per cent and the issue price was set at par.

In the case of the bank the coupon has been set at 9 1/2 and the issue price at 98 1/2. The price level to which it was raised last week during the offering period. For Courtauld the coupon was kept at 9 1/2 per cent, but the price was put at 98, to yield 10 1/4 per cent.

Sentiment in the international bond market has moved against the idea of sterling Eurobonds in the week since these two issues were announced. A delayed reaction to the two-point rise in the minimum lending rate 10 days ago was one reason for this.

Another was the speed with which issues have been made in this market. The first after the Bank of England gave the go-ahead for sterling Eurobonds was only four weeks ago, and a total of six issues have been announced. The flood of foreign money into gilt-edged securities earlier this year had prompted London issuing houses to explore the possibility of using sterling in the Eurobond market. However, various problems, including, for example, exchange control, had to be overcome.

At the same time borrowers were quick to launch issues, if only to catch the market while it lasted, thus leaving investors with more paper than they could digest. The output price index for food products fell by about 1 per cent last month, mainly as a result of lower prices for coffee. The index of the cost of materials bought by food manufacturing companies rose by 1 per cent in November as a result of higher prices for home-landed fish. This was only partially offset by lower prices for a number of imported materials.

The 13-month rate of increase in the output price index for all manufactured products declined last month from 17 1/2 to 16 per cent.

Weather

U.K. TO-DAY
CLOUDY, rain at times.
London, SE. Cent., S. England, Midlands, Wales, N. Ireland, Cloudy, rain. Wind SE, fresh to 2.05 per cent.

or strong. Max. 64 (43-46F).
Channel Is., S.W. England, Rain, brighter later. Wind E.W., fresh or strong. Max. 10-12C (50-54F).

E. Anglia, E. and N. England, Lakes, L. of Man, most of Scotland Cloudy, rain at times. Wind S.W. fresh or strong. Max. 5-7C (41-45F).

Outlook: Little change.

Table with columns for BUSINESS CENTRES and HOLIDAY RESORTS, listing various cities and their weather conditions.

Polish ship contract 'not in jeopardy'

BY CHRISTOPHER BOBINSKI

OFFICIALS HERE said there was no question of the £15m order to British Shipbuilders being in jeopardy because the work had not been allocated to specific yards.

The general feeling was that British Shipbuilders' present problems were an internal affair and the Poles were ready to sign specific contracts as soon as the details of allocation were fixed. Officials implied that too much work had gone into the year-long negotiation for any substantial changes to be under consideration at the moment.

The fact that some of the work had not been allocated was not regarded as affecting the recently signed framework agreement. Nick Garnett, Labour Staff, writes: The State-owned group's difficulties appeared to have eased considerably yesterday due to strong backing from shop stewards at Gowanus.

The joint shop stewards' committee there decided unanimously that it would be prepared to see ships re-allocated from Swan Hunter, built at their yards. The decision will be put to a mass meeting to-day. The move was greeted with considerable bitterness from Swan Hunter's 1,700 out-fitters who have been trying to per-

suade men at other yards not to work on any of the Polish ships re-allocated from the Tyne company. The decision at Gowanus, which has so far been allocated one of the seven bulk carrier originally intended for Swan Hunter, was accompanied by a plea to the Swan Hunter men that they should lay aside their grievances over pay and allow at least some of the ships to be built on the Tyne.

Confused
Mr. George Arnold, chairman of the Confederation of Shipbuilding and Engineering Unions said he was examining the possibility of a "far wages" claim for Swan Hunter's out-fitters but it was unlikely that this would solve the Tyne's pay parity problems soon enough to affect the out-fitters' response to the Polish order.

The overall position is still confused. British Shipbuilders has re-allocated two of the ships to Smiths Docks on the Tees after saying it had received the out-fitters' assurances from the workforce. That arrangement has already run into trouble, however, with members of the white collar section of the engineers' union at

the company adamantly refusing to carry out work on the ships. There also appears to be misgivings among some of the out-fitters at Smiths Docks, and talks yesterday between union officials and management failed to come up with a firm agreement to carry out the work. Gowanus shop stewards said the Swan Hunter out-fitters who have refused to lift an overtime ban in pursuit of a claim for pay parity with the boiler-makers should sink their differences.

Mr. Dave Hanson, the out-fitters' convener at Swan Hunter, said he was angry at the Gowanus decision but there would be no change of heart from his men. David Freud, Industrial Staff, writes: The planned visit by two British Shipbuilders' staff to Poland to initial the contract to-day has been postponed until tomorrow or Thursday.

This is to allow some technical charter details to be determined. The final signing of the contract should take place in a fortnight, on about December 19. British Shipbuilders hopes that the two weeks' leeway before the signing will give Swan out-fitters an opportunity to change their minds. They could then be allocated the four unplaced 16,500-ton bulk carriers.

Further reflationary moves not prudent Schmidt warns EEC

BY GUY DE JONQUIERES

BRUSSELS, Dec. 5.

IN SPITE OF their dissatisfaction with the sluggish state of the world economy, leaders of the Nine Common Market Governments still appear far removed from a common view on what, if any, new measures should be taken to stimulate growth. This was the clear impression emerging from the first day of the two-day EEC summit here, at which this afternoon's discussions were mainly concerned with broad economic policy questions.

A cautious note was struck from the start by Chancellor Helmut Schmidt, who reminded his colleagues of the reflationary measures which West Germany had already taken, and left them in little doubt that his Government considered the further action would not be prudent at the moment. Pointing out that the federal budget was expected to run its largest-ever deficit next year, he warned delegates that governments must avoid applying excessive stimulus through the public sector.

Herr Schmidt said that governments must avoid the temptation to give way to those who pretend to have panaceas, and especially to those advocating a more energetic use of the printing press as a way to relate economies. These strictures were apparently a discreet rebuff to Mr. James Callaghan, Prime Minister, who argued that increased emphasis should be placed on achieving a steady and controlled expansion, to which the stronger EEC economies would make the biggest contribution.

Mr. Callaghan's argument appeared to receive little direct support from President Valéry Giscard d'Estaing of France, who forecast that the EEC would have to live for several more

years with a slower growth-rate than it had become accustomed to during the past 20 years. M. Giscard d'Estaing said that the overall picture in the EEC was not too sombre. Although he admitted that unemployment remained a major problem, he did not appear to have any new proposals for tackling it. The efforts of Mr. Roy Jenkins, President of the EEC Commission, to persuade the Government leaders to revive plans for economic and monetary union drew a qualified response. Several leaders suggested that it was too early to set about attaining this goal, but none rejected outright Mr. Jenkins's supporting arguments.

Progress
Herr Schmidt said that, while he approved of the general principles of monetary union, meaningful moves to attain it would have to await further progress in the closer co-ordination of national budget policies, and the reform of the Common Agricultural Policy. Mr. Callaghan took a mildly sceptical view, arguing that he did not rule out the idea of monetary union, but he had to be convinced that it would contribute to solving major problems, such as unemployment, slow growth, and currency instability.

British and Irish attitudes to the EEC drew some mild criticism from Chancellor Schmidt in response to a somewhat gloomy assessment made by Mr. Jack Lynch, the Irish Prime Minister, of the achievements of the Nine over the past few years. Herr Schmidt asked pointedly where the British and Irish Governments thought that their countries would be to-day if they were not members of the EEC.

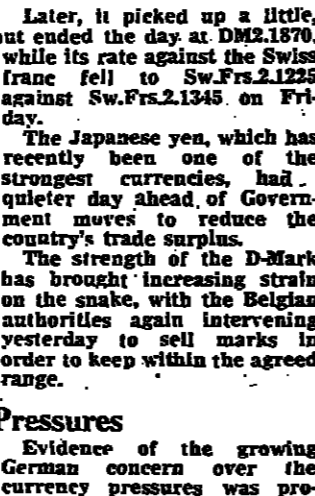
EEC bid on fisheries policy
Page 4

Dollar hits new lows on heavy selling

By Michael Standen

THE DOLLAR again dropped to new low levels against the strong European currencies yesterday as a result of continued heavy selling. Its weakness prompted continued substantial support operation by the European central banks, as the market in the currency markets brought further strains on the European snake. Joint "floating arrangement".

In Frankfurt the West German Bundesbank was reported to have bought between \$150m and \$200m in one of its biggest recent support operations. Nevertheless, the dollar fell below DM2.20 for the first time to reach a low of DM2.1850 at one stage.



Later, it picked up a little, but ended the day at DM2.1870, while its rate against the Swiss franc fell to Sw.Frs.2.1225 against Sw.Frs.2.1345 on Friday. The Japanese yen, which has recently been one of the strongest currencies, had a quieter day ahead of Government moves to reduce the country's trade surplus. The strength of the D-Mark has brought increasing strain on the snake, with the Belgian authorities again intervening yesterday to sell marks in order to keep within the agreed range.

Pressures
Evidence of the growing German concern over the currency pressures was provided by Count Otto Lambsdorff, the Economics Minister. He argued in an interview published yesterday that the fall already experienced in the dollar implied serious consequences for German exports, and added that the further weakness of the U.S. currency would before long bring irresistible pressure in OPEC for a substantial oil price increase.

The weakness, which continues to reflect general concern over the U.S. economy and balance of payments, brought a deterioration in the Morgan Guaranty weighted depreciation from 2.80 per cent to 2.05 per cent. The pound gained ground yesterday as a result of the fall in the dollar, ending 1 cent up at \$1.8305 with the trade-weighted index against a basket of other currencies rising to 63.5 against 63.3.

Labour faces trouble over internal probe

BY RUPERT CORNWELL, LOBBY STAFF

THE LABOUR PARTY last night opened what could prove a Pandora's box of trouble and embarrassment for itself by giving an implicit go-ahead for a searching review of its organisation and finances. The decision, taken at an often-heated meeting of the NEC's organisation sub-committee, represents a victory for trade unions and moderate MPs — with the blessing of the Prime Minister — who are unhappy at the Left's grip on Labour's internal workings.

Left-wingers suffered a second setback when the sub-committee decided to establish a working party to look further into the controversial issue of the automatic re-election of MPs — a move they see as a device to stall such plans as long as possible. Both steps were taken on the chairman's casting vote after two

seven-seven ties, not before some angry exchanges had taken place. The scene is set for a stormy session at the next full NEC meeting on Wednesday week, when, as now seems inevitable, the two issues will be debated. The union grievances came into the open at last October's Labour Conference when Mr. David Bessent, head of the Municipal and General Workers' Union and current president of the TUC, put down a resolution demanding a study of the party's organisation.

The main complaints of this potentially significant moderate union front concern extremist activities in the constituencies, and in particular what it sees as the failure of the policy-making National Executive to represent ordinary Labour opinion in the country. Recent difficulties in relations between the U.S. and Egypt are believed here to be one of the fundamental reasons for the sudden decision to send Mr. Vance on his hastily organised tour.

Having failed in a last-minute bid to prevent Mr. Sadat announcing that he was calling all the parties to the Middle East dispute to talks in Cairo, the U.S. Administration now appears more than ever anxious to persuade the Egyptian leader from undertaking any further initiatives.

With Mr. Vance's trip scheduled to last at least until December 15, it may well also have the effect of further delaying the start of the Cairo talks.

Continued from Page 1

Vance Mid-East tour

lish a mutual security pact; to "freeze" diplomatic relations with Cairo; to boycott any Egyptian company, institution or persons trading with Israel; and to seek the removal of the Arab League headquarters from Cairo and Egypt's expulsion from it.

Roger Matthews writes from

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